93d Congress
1st Session

CONFERENCE COMMITTEE PRINT

H.R. 8410

Continuation of Existing Temporary Increase in the Public Debt Limit

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Brief Description of Senate Amendments

Prepared for the Use of the Conferees

JUNE 27, 1973

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CONTENTS

BRIEF DESCRIPTION OF SENATE AMENDMENTS

Social Security

Section 201—Social Security Benefit Increase

Cost of living increase moved up to January, 1974.—Under present law, Social Security benefits rise automatically as the cost of living rises. However, the first cost of living increase would not become effective until January 1975. The Senate amendment would provide for a cost-of-living social security benefit increase effective January, 1974. The across-the-board increase, geared to the increase in the cost of living between June, 1972 (when the cost-of-living increase was voted into law) and June, 1973, will be an estimated 5.6 percent. Under the Senate amendment, nearly 30 million social security beneficiaries will receive an estimated additional $3.2 billion in benefits. (Part A, title II; adopted by rollcall vote of 86 yeas, 7 nays.)

Section 215—Retirement Test

Increases the social security retirement test exempt amount from $2,100 a year ($175 a month) to $3,000 a year ($250 a month). (Hartke floor amendment adopted by voice vote.)

Section 260—Social Security Benefits for an Adopted Child

Eliminates the provision of present law which requires that a child adopted by a person who is entitled to Social Security benefits must be living with and dependent on the beneficiary for the year before the beneficiary became disabled, in the case of a disability beneficiary, or before the beneficiary reached the age of entitlement, in the case of a retired beneficiary. (Byrd, West Virginia, floor amendment adopted by voice vote.)

Supplemental Security Income Program

Section 210*

Increase in payment level.—The Social Security Amendments of 1972 established a new Federal Supplemental Security Income program under which the Federal Government will guarantee aged, blind and disabled persons a monthly income of $130 for an individual and $195 for a couple. The Senate bill would increase these amounts to $140 for an individual and $210 for a couple.

*Parts B, C, E, and F of title II adopted by rollcall vote of 84 yeas, 10 nays.

Section 211*

Covering "essential persons".—The SSI program bases the amount of assistance only on eligible persons and eligible spouses (who must also be over 65, blind, or disabled). Current state programs for the aged, blind, and disabled may also take into account the needs of "essential persons," primarily the spouses (themselves under age 65) of aged assistance recipients. The Senate amendment would extend eligibility for Supplemental Security Income payments to persons currently considered "essential persons" under State programs of aid to aged, blind, and disabled. Thus an aged person whose spouse under 65 is currently on public assistance would be guaranteed a monthly income of $210 under the Federal Supplemental Security Income program beginning January 1974.

Section 212*

State supplementation required.—Under another Senate provision States would be required, in order to receive Federal medicaid matching funds in calendar year 1974, to supplement Federal SSI payments in 1974 to current recipients of aid to the aged, blind and disabled to assure that their entitlement to payments will not be reduced.

Section 212(f)

Exemption to required State supplementation of SSI.—Under this provision, any State whose Constitution contains provisions which make it impossible for such State to enter into or commence carrying out the agreement to supplement SSI would be exempted from the requirement for State supplementation, provided the Attorney General (or other appropriate State official) has, prior to July 1, 1973, made a finding that the State Constitution of such State contains limitations which prevent such State from making supplemental payments of the type described in Section 1616 of the Social Security Act. (Bentsen floor amendment adopted by voice vote.)

Section 213*

Preference for present State and local employees.—The Senate bill contains a provision under which the Secretary of HEW, in hiring Federal employees for the new SSI program, would provide a preference in employment to qualified present State and local employees who will be displaced when the new SSI Program goes into effect.

Section 214*

Determination of blindness.—The Senate bill contains a provision permitting optometrists to determine blindness under the SSI program. The recipient may select either a physician skilled in the diseases of the eye or an optometrist for such an examination.

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*Parts B, C, E, and F of title II adopted by rollcall vote of 84 yeas, 10 nays.

Aid to Families With Dependent Children

Section 220—Pass-Along of Benefit Increase to AFDC Recipients*

The Senate amendment would require States, in determining need for AFDC, to disregard 5 percent of social security income when the beneficiaries begin receiving the cost-of-living benefit increase.

Social Services

Section 230—Social Services Regulations Postponed

On May 1, 1973, the Department of Health, Education, and Welfare issued regulations on social service programs funded under the Social Security Act, with the regulations scheduled to become effective July 1, 1973. The Senate amendment would delay the effective date of the regulations until January 1, 1974 except those regulations which specifically carry out the statutory provisions passed last Congress putting fiscal limits on social services. (Part D, Title II; adopted by rollcall vote of 84 yeas, 11 nays.)

Section 504—Services to Aged, Blind and Disabled

Present law (section 1130 of the Social Security Act) requires that at least 90 percent of funds spent on social services be for services to persons receiving public assistance; an exception is made for five high priority services (child care, family planning, services to mentally retarded persons, services to drug addicts and alcoholics, and services related to foster care for children). The amendment would exempt any and all services to aged, blind and disabled persons from the requirement that at least 90 percent of the funds be spent on services to persons receiving public assistance. (Church amendment No. 283 adopted by a division vote.)

Medicaid Amendments

Protecting Medicaid recipients from loss of eligibility.—The Senate amendment would protect certain cases from loss of Medicaid eligibility and would extend the savings clause related to the 20 percent benefit increase. The types of cases are described below.

Section 240*

"*Essential persons*".—In order for the spouse of an SSI recipient to be eligible for SSI, he or she must also be aged, blind, or disabled. Current State programs for the aged, blind, and disabled may also take into account the needs of "essential persons", primarily the spouses (themselves under age 65) of aged assistance recipients, making the spouses eligible for Medicaid also. A provision included in the Senate bill would provide that any individual eligible for Medicaid as an essential person in December, 1973 would continue to be eligible for Medicaid as long as he continues to meet the requirements under which he was eligible for Medicaid under the State plan in December, 1973.

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*Parts B, C, E, and F of title II adopted by rollcall vote of 84 yeas, 10 nays.

Section 241*

Persons in medical institutions.—In some States, persons are not eligible for a cash assistance payment or do not receive a cash assistance payment because they are inpatients in institutions. A "grandfather clause" in the Senate amendment would provide that individuals in medical institutions in December, 1973 who would have been eligible for assistance except for the fact that they were inpatients (or whose special needs as inpatients make them eligible for assistance) be permitted to retain their Medicaid eligibility to the extent of a continuing need for care for the condition or conditions for which they were institutionalized.

Section 242*

Blind and disabled medically needy persons.—Under present law, blind and disabled persons who receive cash assistance in December, 1973 will continue to be eligible to receive assistance regardless of whether or not they meet the new Federal definition of blindness or disability. However, the law does not provide continued Medicaid eligibility for those blind and disabled persons who do not meet the new definitions and who are currently eligible for medical assistance but not cash assistance (the medically indigent). An amendment to the Medicaid program included in the Senate bill would cover this group of blind and disabled persons.

Section 243*

Extension of 1972 savings clause.—Last year's social security bill contained a saving clause continuing Medicaid eligibility for persons going off assistance because of the 20 percent social security benefit increase. This savings clause, presently scheduled to expire October, 1974 would, under a provision in the Senate bill, be extended to June 30, 1975.

Section 244*

Repeal of section 225 of P.L. 92-603.—Under section 225 of P.L. 92-603, Federal financial participation in reimbursement for skilled nursing home care would not be available to the extent that the cost exceeded 105 percent of the prior year's level of payment. The Senate bill would repeal this section.

EXTENSION OF PROJECT GRANT AUTHORITY UNDER THE MATERNAL AND CHILD HEALTH PROGRAM*

Section 250

Under present law, of the funds appropriated for the Maternal and Child Health program, 50 percent is allocated to States on a formula basis, 40 percent is available for special project grants, and 10 percent is available for training and research projects. Under present law, the project grant authorization would terminate on July 1, 1973, and those funds would be available under the State formula grants—thus making 90 percent of the total money authorized available on a formula basis.

The Senate bill includes a provision extending the authorization for projects grants until June 30, 1974; after that date, 90 percent of

*Parts B, C, E, and F of title II adopted by rollcall vote of 84 yeas, 10 nays.

the Maternal and Child Health funds would be allocated on the formula basis.

The following additional changes would be made—

For fiscal year 1974 only, each State would receive (under authorization authority) the greater of the total of fiscal year 1973 project and formula grants or the sum such State would have received had the project grants not been extended for fiscal year 1974.

For fiscal year 1975 and later years, no State would be eligible for less funds than it received in fiscal year 1973 for both project grants and formula grants.

When the project grant authority lapses on June 30, 1974, the States would be required to make arrangements to provide for the continuation of appropriate services to groups previously receiving project grant funds.

Impoundment Control Procedures

Title III

Under the provision added by the Committee, whenever the President (or any officer or employee of the United States) impounds any budget authority, the President is to send to the Senate and House of Representatives a special message. This message is to specify—

1. The amount of budget authority impounded,
2. The date the impoundment was ordered,
3. The date the budget authority was actually impounded,
4. The department, agency, or account affected by the impoundment,
5. The period of time in which the impoundment is to be effective,
6. The reasons for the impoundment (including any legal authority for the action), and
7. To the maximum extent practical, the estimated fiscal economic, and budgetary effect of impoundment.

This special message is to be sent to the Senate and House within ten days of the time the impoundment occurs.

In addition, a copy of each special message is to be sent to the Comptroller General. If he finds that the impoundment was in accordance with the Anti-Deficiency Act, no further action is to be taken with respect to the impoundment. In all other cases, however, the Comptroller General is to advise the Congress whether the impoundment was in accordance with existing law.

The amendment directs the President (or any officer or employee of the United States) to cease impounding any budget authority set forth in each special message within 60 days after the President's message is received, unless the Congress passes a concurrent resolution which approves of the impoundment. This does not, however, apply to those impoundments found by the Comptroller General to come within the Anti-Deficiency Act. However, Congress by concurrent resolution may disapprove of any impoundment in whole or in part before the expiration of the 60-day period.

Ceiling on Fiscal Year 1974 Expenditures

Title IV

The Senate amendment provides a ceiling of $268.7 billion. This is for the fiscal year 1974.

If to attain the spending ceiling provided in this bill, the President finds it necessary to make impoundments, the amendment provides for a proportional reduction in all functional (and to the extent possible subfunctional) categories with exception for certain specific categories where the outlay is clearly uncontrollable.

Title V

Sectio. 501—Prohibition Against Use of Appropriated Funds for Combat Activities in Cambodia and Laos

The Senate adopted a provision which would prohibit funds heretofore or hereafter appropriated under any act of Congress to be expended to support directly or indirectly combat activities in, over, or from off the shores of Cambodia or in, or over Laos by United States forces. (Eagleton floor amendment adopted by roll call vote of 67 yeas, 29 nays.)

Section 502—Campaign Check-Off

This amendment changes the campaign check-off provision in three respects:

(1) provides that the campaign check-off designation is to be on the first page of the income tax return;

(2) requires the Secretary of the Treasury to provide appropriate publicity with respect to the campaign check-off each year with emphasis on the taxpayers' rights to designate a portion of their tax payments for payment into the Presidential Election Campaign Fund; and

(3) converts the campaign fund check-off to a nonpartisan check-off so the designation on the front of the return can be simple and not indicate the party preference of the taxpayer. (Humphrey modified amendment 215 adopted by roll call vote of 61 yeas, 31 nays.)

Section 503—Medicare Legislation

Expresses sense of Congress that: (a) the President prepare and submit by September 1, 1973 a proposal to cover drugs under Medicare; and (b) the President's recommendations for Medicare legislation to increase the cost to the aged and disabled should be withdrawn. (Note: No legislation to carry out the President's recommendations has been introduced in either House.) (Church amendment No. 284 adopted by voice vote.)

Section 505—Extended Unemployment Compensation

Amends the provision under which extended unemployment compensation is payable in industrial States by:

(1) eliminating the requirement that unemployment in the State must be 120% higher than it was in the comparable period 2 years earlier; and

(2) eliminates the requirement that there be a 13-week period between the end of one State extended benefit period and the start of another. (Javits floor amendment adopted by voice vote.)

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93d Congress
1st Session

COMMITTEE PRINT

Summary of the Provisions of the Acts Extending the Temporary Debt Ceiling and the Renegotiation Act, Including the Social Security Provisions

Public Law 93–53 and Public Law 93–66

JOINT PUBLICATION

COMMITTEE ON FINANCE

OF THE

U.S. SENATE

AND

COMMITTEE ON WAYS AND MEANS

OF THE

U.S. HOUSE OF REPRESENTATIVES

JULY 17, 1973

Prepared for the use of the Senate Committee on Finance and the House Committee on Ways and Means

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CONTENTS

I. Provisions of the Act Extending the Temporary Debt Ceiling, Public Law 93–53 (H.R. 8410)

1. *Extension of temporary debt ceiling*

The permanent debt limitation under present law is $400 billion. Prior law also made available a temporary additional limitation of $65 billion through June 30, 1973, thus providing for an overall public debt limit of $465 billion.

The present debt limitation is continued in this act at the temporary level of $465 billion. This is accomplished by extending the current temporary debt limit of $65 billion from June 30, 1973, through November 30, 1973. No change is made in the permanent debt limit.

The new law also modifies the $10 billion limitation on the issuance of Federal bonds which have an interest rate greater than 4¼ percent. Under prior law, this limit applied to all holdings of bonds, whether the holders were the public or Government accounts. The new law applies the $10 billion limit only to the bonds that are held by the general public and excludes from the limit holdings by Government accounts and the Federal Reserve banks.

The new law provides for an income tax refund check-bond which automatically will become the equivalent of a series E bond, generally drawing interest from January 1, if the taxpayer does not cash it before the time specified for Series E bonds (presently this would be July 1, in the case of calendar year taxpayers). This provision is to be available to the Treasury Department for use in connection with returns filed on or after January 1, 1974.

2. *Extended unemployment compensation program*

Extended unemployment compensation benefits—for up to 13 weeks—may be paid to individuals who have exhausted their regular unemployment compensation in States with relatively high unemployment. Under the 1970 law establishing the extended benefit program, a State to be eligible must have an insured unemployment rate of at least 4 percent; the unemployment rate must be at least 20 percent greater than during the comparable period of the prior 2 years; and there must be a 13-week period between the end of one State extended benefit period and the start of another.

Under Public Law 93–53, States will be able to participate in the extended benefit program until January 1, 1974, if their rate of insured unemployment is at least 4.5 percent, without regard to their unemployment rate in the prior 2 years, and without regard to whether 13 weeks have expired since the last State extended benefit period. Under this authority, once a State begins paying out extended benefits, an extended benefit period will not end until the State's insured unemployment rate drops below 4 percent.

Persons who qualify for extended benefits under this authority prior to December 31, 1973, could continue to receive the extended benefits to which they are entitled during an additional 13 weeks or until the end of March 1974.

The extended benefits paid under this provision, including those paid during the tail-out period after December 31, 1973, would be financed equally from State and Federal funds as extended benefits are regularly financed under existing law.

3. *Extension of maternal and child health project grants*

Of the funds appropriated for the Maternal and Child Health Program, 50 percent are allocated to States on a formula basis, 40 percent are available for special project grants, and 10 percent are available for training and research projects. Under prior law, the project grant authorization would have terminated on July 1, 1973, and those funds would have been available under the State formula grants—thus making 90 percent of the total money authorized available on a formula basis.

The new law includes a provision extending the authorization for project grants until June 30, 1974; after that date, 90 percent of the Maternal and Child Health funds will be allocated on the formula basis.

The following additional changes are also made—

For fiscal year 1974 only, each State will be eligible to receive (under authorization authority) the greater of the total of fiscal year 1973 project and formula grants or the sum such State would have received had the project grants not been extended for fiscal year 1974.

For fiscal year 1975 and later years, no State will be eligible for less funds than it received in fiscal year 1973 for both project grants and formula grants.

When the project grant authority lapses on June 30, 1974, the States are required to make arrangements to provide for the continuation of appropriate services to groups previously receiving project grant funds.

4. *Presidential campaign checkoff*

Under the Revenue Act of 1971, taxpayers were permitted to designate that $1 of their taxes ($2 in the case of a couple filing a joint return) be applied toward a Presidential Election Campaign Fund. The 1971 act also permitted the taxpayer to designate which political party he wished to receive the money; if no party was designated, the money would go into a general fund. For tax returns filed in 1973, the Internal Revenue Service provided a separate form for the tax checkoff.

The new law provides that the campaign checkoff designation is to be either on the first page of the income tax return or on the side of the return where the signature is. For the regular 1040 return, this is the front of the return, but for the short form, 1040A, the signature is on the second page of the return.

The new law also converts the campaign checkoff to a nonpartisan checkoff by deleting the provision of prior law concerning designation of party preference.

II. Extension of Renegotiation Act of 1951, Public Law 93-66 (H.R. 7445)

1. *Extension of Renegotiation Act of 1951 to June 30, 1974*

The Renegotiation Act of 1951 (which provides that the Renegotiation Board is to review the total profit derived by a contractor with respect to certain contracts with the Federal Government during a year to determine whether his profit is excessive and, therefore, whether his contracts should be revised to recapture any excessive profits) is extended from June 30, 1973, to June 30, 1974.

2. *Social security provisions*

a. Benefit increase.—Last year the Congress enacted a law providing for social security benefits to be increased automatically as the cost of living rises. Generally speaking, whenever the cost of living goes up by at least 3 percent in a year, social security benefits will be increased by the amount that the cost of living has gone up. Each of these benefit increases becomes effective for the January following the year in which the rise in the cost of living is computed; the first cost-of-living increase permitted under last year's law would not have taken place until January 1975.

The new law provides for a special cost-of-living increase applicable only to benefits for June 1974 to December 1974, to be reflected in the checks people receive in early July 1974. The increase will be the same as the increase in the cost of living in the 12-month period between June 1972 and June 1973, estimated to be a 5.6-percent increase. At this rate of increase, the average monthly benefit to a retired individual will rise from $167 to $176, and the average monthly benefit for aged couples will increase from $278 to $294. Under this provision, nearly 30 million social security beneficiaries will receive an estimated additional $1.9 billion in social security benefits.

b. Increase in earnings limitation.—Effective January 1974, the amount an individual can earn with no reduction in social security benefits will be increased from $2,100 per year ($175 per month) to $2,400 per year ($200 per month) Additional benefit payments due to this change are estimated to total $280 million in the first full calendar year. An estimated 1,440,000 persons, who under prior law would have received some benefits for months in 1974, will receive more benefits, and an estimated 100,000 persons, who under prior law would not have received benefits, will receive some benefits as a result of the enactment of the new law.

c. Increase in taxable wages.—Under prior law, the first $12,000 of earnings of social security would have been taxable in calendar year 1974, with this figure increasing in the future as average wages under social security increase. Under the new law, taxable wages will be set at $12,600 in 1974, with automatic increase thereafter.

d. Adopted grandchildren.—The new law will make it possible, when social security beneficiaries adopt grandchildren, for the grandchildren to receive benefits without the requirement that the child must have lived with and been supported by the social security beneficiary for a year before he became entitled to benefits. The new law will, however, require that the child have lived with and been supported by the beneficiary for a year before the child can become entitled to benefits.

3. *Supplemental security income provisions*

Last year the Congress enacted a new supplemental security income program (SSI) under which the Federal Government will guarantee aged, blind, and disabled persons, beginning January 1974, a monthly income of $130 for an individual and $195 for a couple.

a. Increase in SSI guarantee level.—Under the new law, the Federal guarantee under the SSI program will be increased, effective July 1974, from $130 to $140 for an individual and from $195 to $210 for a couple.

b. Requiring State supplementation.—In many States, current payment levels to the aged, blind, and disabled exceed the Federal guarantee levels under the new SSI program. In States now paying less than the Federal guarantee level, individuals and couples with special needs may be receiving higher payments. To assure that no persons currently receiving aid to the aged, blind, and disabled will receive a cut in their payment, the new law requires States to assure that no recipient on the rolls in December 1973 will have his payment reduced when the SSI program goes into effect January 1974. States not providing this required supplementation of SSI benefits will not be entitled to Federal medicaid matching funds.

c. Benefits for "essential persons."—Many States now take into account the needs of "essential persons," typically a spouse under age 65 of an assistance recipient over 65. Under the prior law, only persons who were themselves at least 65, blind, or disabled would have been eligible for SSI payments. The new law extends SSI eligibility to persons currently considered essential persons under State programs of aid to the aged, blind, and disabled. Thus, an aged person whose spouse under age 65 is on public assistance in December 1973 will be guaranteed a monthly income of $195 under the new SSI program ($210 beginning July 1974). Under this provision, an estimated 125,000 persons will receive additional Federal SSI payments of $100 million in the first full year.

d. Preference for present State and local employees.—Federal administration of the new supplemental security income program will require the hiring of a substantial number of new Federal employees. The new law includes a provision under which the Secretary of Health, Education, and Welfare, in hiring Federal employees for the new SSI program, will provide a preference in employment to present State and local employees with qualifications comparable to those of other candidates and who will be involuntarily displaced when the new SSI program goes into effect.

e. Determination of blindness.—In the present State programs of aid to the blind, Federal law permits the determination of blindness to be made either by a physician skilled in diseases of the eye or by an optometrist, whomever the individual may select. The new law adds a similar provision for determining blindness under the SSI program.

4. *Social services*

a. Postponement of HEW regulations.—Last year the Congress set a $2.5 billion limitation on Federal funds for social services under the Social Security Act. In May 1973, the Department of Health, Education, and Welfare published social services regulations whose effect would have been to substantially limit what Federal social services funds could have been used for. These regulations would have become effective on July 1, 1973.

The new law suspends the Department's authority to issue new social services regulations until November 1, 1973. However, the suspension period may be shortened if new changes are proposed by the Department before that time and are approved by the Committee on Finance and the Committee on Ways and Means before being published in the Federal Register.

b. Services to the aged, blind, and disabled.—The prior law (sec. 1130 of the Social Security Act) required that at least 90 percent of funds spent on social services be for services to persons receiving public assistance; an exception is made for five high-priority services (child care, family planning, services to mentally retarded persons, services to drug addicts and alcoholics, and services related to foster care for children). The new law would exempt services to aged, blind, and disabled persons from the requirement that at least 90 percent of the funds be spent on services to persons receiving public assistance.

5. *Medicaid provisions*

a. Coverage of essential persons.—Current State medicaid programs may also cover "essential persons," primarily the spouses (themselves under age 65) of aged assistance recipients. The new law provides that any individual eligible for medicaid as an essential person in December 1973 will continue to be eligible for medicaid so long as he continues to meet the requirements under which he was eligible for medicaid under the State plan in December 1973.

b. Coverage of persons in medical institutions.—In some States, persons are not eligible for a cash assistance payment or do not receive a cash assistance payment because they are inpatients in institutions. Such persons are currently eligible for medicaid. Under prior law, however, such individuals might not have retained eligibility for medicaid when the SSI program goes into effect in January 1974. The new law provides that individuals in medical institutions in December 1973 who would have been eligible for assistance except for the fact that they were inpatients (or whose special needs as inpatients make them eligible for assistance) will be permitted to retain their medicaid eligibility.

c. Coverage of blind and disabled medically indigent persons.—Under current law, blind and disabled persons who receive cash assistance in December 1973 will continue to be eligible to receive assistance regardless of whether they meet the new Federal definition of blindness or disability. However, the prior law did not provide continued medicaid eligibility for those blind and disabled persons who do not meet the new definitions and who are currently eligible for medical assistance but not cash assistance (the medically indigent). The new law will continue to cover under medicaid those blind and disabled persons who were actually eligible for medicaid in December 1973.

d. Extension of disregard of 20-percent social security increase.—Last year's social security amendments (Public Law 92–603) contained a saving clause continuing medicaid eligibility for persons going off assistance because of the 20-percent social security benefit increase. This savings clause, previously scheduled to expire October 1974, is extended to June 30, 1975.

e. Repeal of section 225 of 1972 Social Security Amendments, affecting nursing homes.—Under section 225 of Public Law 92–603 Federal financial participation in reimbursement for skilled nursing home care would not be available to the extent that the cost exceeded 105 percent of the prior year's level of payment. The new law repeals this section.

6. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS MODIFIED BY PUBLIC LAW 93–66

(a) EFFECT OF BENEFIT INCREASE ON AVERAGE MONTHLY BENEFITS IN CURRENT-PAYMENT STATUS FOR SELECTED BENEFICIARY GROUPS

	Present	June 1974
1. Retired worker (with or without dependents also receiving benefits)	$167	$176
2. Retired worker and aged wife, both receiving benefits	278	294
3. Disabled worker (with or without dependents also receiving benefits)	186	196
4. Disabled worker, wife and 1 or more children	359	379
5. Aged widow	158	168
6. Widowed mother and 2 children	389	411

Note.—It is assumed that the special benefit increase effective for June 1974 will be 5.6 percent.

(b) PROGRESS OF OASI AND DI TRUST FUNDS, COMBINED UNDER PRIOR LAW AND UNDER PUBLIC LAW 93-66

[In billions]

Calendar year	Income [1]				Outgo [1]			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
1973.....	$55.3	$55.3	$55.3	$55.3	$53.7	$53.7	$53.7	$53.7
1974.....	61.3	61.9	61.3	61.9	57.1	58.8	57.1	58.8
1975.....	66.8	67.5	66.8	67.5	63.5	64.2	64.3	64.9
1976.....	70.7	71.6	70.7	71.6	66.9	67.3	67.8	68.1
1977.....	76.3	77.2	76.2	77.1	73.7	74.0	74.7	75.0

Calendar year	Net increase in funds				Assets, end of year			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
1973.....	$1.6	$1.6	$1.6	$1.6	$44.3	$44.3	$44.3	$44.3
1974.....	4.2	3.1	4.2	3.1	48.5	47.5	48.5	47.5
1975.....	3.3	3.3	2.5	2.6	51.8	50.8	51.0	50.0
1976.....	3.8	4.4	2.9	3.4	55.6	55.2	53.9	53.4
1977.....	2.7	3.2	1.6	2.1	58.3	58.3	55.5	55.5

[1] 2 alternative assumptions relating to the automatic benefit increase effective January 1975, calendar years 1973-77. See description in appendix.

(c) PROGRESS OF OASI TRUST FUND, UNDER PRIOR LAW AND UNDER PUBLIC LAW 93-66

[In billions]

Calendar year	Income [1]				Outgo [1]			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
1973.....	$48.8	$48.8	$48.8	$48.8	$47.5	$47.5	$47.5	$47.5
1974.....	54.1	54.7	54.1	54.7	50.4	52.0	50.4	52.0
1975.....	59.1	59.7	59.0	59.7	56.0	56.6	56.7	57.3
1976.....	62.6	63.4	62.5	63.3	58.9	59.3	59.7	60.0
1977.....	67.5	68.3	67.4	68.2	64.8	65.2	65.7	66.0

Calendar year	Net increase in funds				Assets, end of year			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
1973.....	$1.3	$1.3	$1.3	$1.3	$36.6	$36.6	$36.6	$36.6
1974.....	3.8	2.8	3.8	2.8	40.4	39.4	40.4	39.4
1975.....	3.0	3.1	2.3	2.4	43.4	42.4	42.7	41.7
1976.....	3.6	4.1	2.8	3.3	47.0	46.5	45.5	45.0
1977.....	2.7	3.1	1.7	2.1	49.8	49.7	47.2	47.1

[1] 2 alternative assumptions relating to the automatic benefit increase effective January 1975, calendar years 1973-77. See description in appendix.

(d) PROGRESS OF DI TRUST FUND, UNDER PRIOR LAW AND UNDER PUBLIC LAW 93-66

[In billions]

Calendar year	Income [1]				Outgo [1]			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
1973.....	$6.5	$6.5	$6.5	$6.5	$6.2	$6.2	$6.2	$6.2
1974.....	7.1	7.2	7.1	7.2	6.7	6.9	6.7	6.9
1975.....	7.7	7.8	7.7	7.8	7.5	7.6	7.6	7.6
1976.....	8.2	8.3	8.2	8.3	8.0	8.0	8.1	8.1
1977.....	8.8	8.9	8.8	8.9	8.8	8.8	9.0	9.0

Calendar year	Net increase in funds				Assets, end of year			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
1973.....	$0.3	$0.3	$0.3	$0.3	$7.7	$7.7	$7.7	$7.7
1974.....	.4	.3	.4	.3	8.2	8.1	8.2	8.1
1975.....	.2	.3	.2	.2	8.4	8.4	8.3	8.3
1976.....	.2	.3	.1	.2	8.6	8.6	8.4	8.4
1977.....	—.1	(2)	—.2	—.1	8.5	8.7	8.2	8.4

[1] 2 alternative assumptions relating to the automatic benefit increase effective January 1975, calendar years 1973–77. See description in appendix.
[2] Less than $50,000,000.

(e) RATIO OF ASSETS TO EXPENDITURES

The ratio of assets at the beginning of the year to expenditures during the year for the OASI and DI trust funds, combined, is shown in the following table for the 7.1 percent and the 8.5 percent benefit increase assumptions:

Calendar year	7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system
1973	0.80	0.80	0.80	0.80
1974	.78	.75	.78	.75
1975	.76	.74	.74	.73
1976	.77	.76	.75	.73
1977	.76	.75	.72	.71

Appendix

The tables in the text present estimates of the operations of the old age survivors insurance and disability insurance trust funds during calendar years 1973–77 under the system as modified by Public Law 93–66. The estimates are based on the assumption that the special benefit increase will be 5.6 percent and will be effective for, and limited to, the 7-month period June–December 1974 and that the automatic provisions in present law will not be affected—that is, that the automatic provisions will be operative effective January 1975 as though the special benefit increase had not been enacted.

Public Law 93–66 contains the following additional provisions that have significant cost effects:

(1) The contribution and benefit base for 1974 is increased from $12,000 to $12,600.

(2) The annual exempt amount for 1974 under the retirement test is increased from $2,100 to $2,400.

(3) The dates when the provisions governing the automatic increases in the earnings base and in the retirement test annual exempt amount first become operative remain unchanged. However, the increased earnings base and exempt amount will be figured using the higher amounts in Public Law 93–66 and not the amounts in prior law.

The estimates are shown on two alternative bases:

(1) A 7.1-percent automatic benefit increase effective January 1975. This rate of benefit increase is derived from the assumptions underlying official Government projections made in the spring of 1973 as to the growth in the gross national product and as to the rate of increase in the Consumer Price Index (CPI).

(2) An 8.5-percent automatic benefit increase effective January 1975. This rate of benefit increase takes into account the actual rate of increase in the CPI during April and May 1973 (which is higher than was assumed in the spring of 1973) as well as a somewhat less rapid decline in the rate of increase in the CPI during fiscal year 1974 than had been previously assumed.

The estimates presented in the tables, under prior law and under the system as modified by Public Law 93–66, reflect the effects of the following changes assumed to occur, under the automatic increase provisions, on January 1 of 1975 and 1977 (amounts for 1974 are also shown as a basis for comparison):

Year	General benefit increase [1] (percent)	Contribution and benefit base	Annual exempt amount under the retirement test
Present law:			
1974		$12,000	$2,100
1975	7.1 and 8.5.	12,900	2,280
1977	5.7	14,400	2,520
Modified system:			
1974	5.6	12,600	2,400
1975	7.1 and 8.5.	13,500	2,520
1977	5.7	15,000	2,760

[1] Under the system as modified by Public Law 93-66, the general benefit increase, assumed to be 5.6 percent, is effective for June 1974. The 1975 automatic benefit increase will be figured on the rates in effect in 1973 under present law and not on top of the special 1974 benefit increase.

Excerpts From the Social Security Act and Related Statutes as Modified by Public Laws 93–53 and 93–66

[Delete the matter enclosed in brackets and insert the matter printed in italics]

93-097 O—73——3

EXCERPTS FROM THE SOCIAL SECURITY ACT

[Effective date of Jan. 1, 1974 unless otherwise noted.]

* * * * * * *

TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

* * * * * * *

Old-Age and Survivors Insurance Benefit Payments

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Sec. 202 * * *

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Child's Insurance Benefits

(d)(1) Every child (as defined in section 216(e)) of an individual entitled to old-age or disability insurance benefits, or of an individual who dies a fully or currently insured individual if such child—

(A) has filed application for child's insurance benefits,

(B) at the time such application was filed was unmarried and (i) either had not attained the age of 18 or was a full-time student and had not attained the age of 22, or (ii) is under a disability (as defined in section 223(d)) which began before he attained the age of 22, and

(C) was dependent upon such individual—

(i) if such individual is living, at the time such application was filed,

(ii) if such individual has died, at the time of such death, or

(iii) if such individual had a period of disability which continued until he became entitled to old-age or disability insurance benefits, or (if he has died) until the month of his death, at the beginning of such period of disability or at the time he became entitled to such benefits,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding whichever of the following first occurs—

(D) the month in which such child dies, or marries,

(E) the month in which such child attains the age of 18, but only if he (i) is not under a disability (as so defined) at the time he attains such age, and (ii) is not a full-time student during any part of such month.

(F) if such child was not under a disability (as so defined) at the time he attained the age of 18, the earlier of—

(i) the first month during no part of which he is a full-time student, or

(ii) the month in which he attains the age of 22,

but only if he was not under a disability (as so defined) in such earlier month; or

(G) if such child was under a disability (as so defined) at the time he attained the age of 18, or if he was not under a disability (as so defined) at such time but was under a disability (as so defined) at or prior to the time he attained (or would attain) the age of 22, the third month following the month in which he ceases to be under such disability or (if later) the earlier of—

(i) the first month during no part of which he is a full-time student, or

(ii) the month in which he attains the age of 22,

but only if he was not under a disability (as so defined) in such earlier month.

Entitlement of any child to benefits under this subsection on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits shall also end with the month before the first month for which such individual is not entitled to such benefits unless such individual is, for such later month, entitled to old-age insurance benefits or unless he dies in such month. No payment under this paragraph may be made to a child who would not meet the definition of disability in section 223(d) except for paragraph (1)(B) thereof for any month in which he engages in substantial gainful activity.

(2) Such child's insurance benefit for each month shall, if the individual on the basis of whose wages and self-employment income the child is entitled to such benefit has not died prior to the end of such month, be equal to one-half of the primary insurance amount of such individual for such month. Such child's insurance benefit for each month shall, if such individual has died in or prior to such month, be equal to three-fourths of the primary insurance amount of such individual.

(3) A child shall be deemed dependent upon his father or adopting father or his mother or adopting mother at the time specified in paragraph (1)(C) unless, at such time, such individual was not living with or contributing to the support of such child and—

(A) such child is neither the legitimate nor adopted child of such individual, or

(B) such child has been adopted by some other individual.

For purposes of this paragraph, a child deemed to be a child of a fully or currently insured individual pursuant to section 216(h)(2)(B) or section 216(h)(3) shall be deemed to be the legitimate child of such individual.

(4) A child shall be deemed dependent upon his stepfather or stepmother at the time specified in paragraph (1)(C) if, at such time, the child was living with or was receiving at least one-half of his support from such stepfather or stepmother.

(5) In the case of a child who has attained the age of eighteen and who marries—

(A) an individual entitled to benefits under subsection (a), (b), (e), (f), (g), or (h) of this section or under section 223(a), or

(B) another individual who has attained the age of eighteen and is entitled to benefits under this subsection,

such child's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1) but subject to subsection (s), not be terminated by reason of such marriage; except that, in the case of such a marriage to a male individual entitled to benefits under section 223(a) or this subsection, the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223(a) or this subsection unless (i) he ceases to be so entitled by reason of his death, or (ii) in the case of an individual who was entitled to benefits under section 223(a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.

(6) A child whose entitlement to child's insurance benefits on the basis of the wages and self-employment income of an insured individual terminated with the month preceding the month in which such child attained the age of 18, or with a subsequent month, may again become entitled to such benefits (provided no event specified in paragraph (1)(D) has occurred) beginning with the first month thereafter in which he—

(A) (i) is a full-time student or is under a disability (as defined in section 223(d)), and (ii) had not attained the age of 22, or

(B) is under a disability (as so defined) which began before the close of the 84th month following the month in which his most recent entitlement to child's insurance benefits terminated because he ceased to be under such disability,

but only if he has filed application for such reentitlement. Such reentitlement shall end with the month preceding whichever of the following first occurs:

(C) the first month in which an event specified in paragraph (1)(D) occurs;

(D) the earlier of (i) the first month during no part of which he is a full-time student, or (ii) the month in which he attains the age of 22, but only if he is not under a disability (as so defined) in such earlier month; or

(E) if he was under a disability (as so defined), the third month following the month in which he ceases to be under such disability or (if later) the earlier of—

(i) the first month during no part of which he is a full-time student, or

(ii) the month in which he attains the age of 22

(7) For the purposes of this subsection—

(A) A "full-time student" is an individual who is in full-time attendance as a student at an educational institution, as determined by the Secretary (in accordance with regulations prescribed by him) in the light of the standards and practices of the institutions involved, except that no individual shall be considered a "full-time student" if he is paid by his employer while attending an educational institution at the request, or pursuant to a requirement, of his employer.

(B) Except to the extent provided in such regulations, an individual shall be deemed to be a full-time student during any period of nonattendance at an educational institution at which he has been in full-time attendance if (i) such period is 4 calendar months or less, and (ii) he shows to the satisfaction of the Secretary that he intends to continue to be in full-time attendance at an educational institution immediately following such period. An individual who does not meet the requirement of clause (ii) with respect to such period of nonattendance shall be deemed to have met such requirement (as of the beginning of such period) if he is in full-time attendance at an educational institution immediately following such period.

(C) An "educational institution" is (i) a school or college or university operated or directly supported by the United States, or by any State or local government or political subdivision thereof, or (ii) a school or college or university which has been approved by a State or accredited by a State-recognized or nationally-recognized accrediting agency or body, or (iii) a nonaccredited school or college or university whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited.

(D) A child who attains age 22 at a time when he is a full-time student (as defined in subparagraph (A) of this paragraph and without the application of subparagraph (B) of such paragraph) but has not (at such time) completed the requirements for, or received, a degree from a four-year college or university shall be deemed (for purposes of determining whether his entitlement to benefits under this subsection has terminated under paragraph (1)(F) and for purposes of determining his initial entitlement to such benefits under clause (i) of paragraph (1)(B)) not to have attained such age until the first day of the first month following the end of the quarter or semester in which he is enrolled at such time (or, if the educational institution (as defined in this paragraph) in which he is enrolled is not operated on a quarter or semester system, until the first day of the first month following the completion of the course in which he is so enrolled or until the first day of the third month beginning after such time, whichever first occurs).

(8) In the case of—

(A) an individual entitled to old-age insurance benefits (other than an individual referred to in subparagraph (B)), or

(B) an individual entitled to disability insurance benefits, or an individual entitled to old-age insurance benefits who was entitled to disability insurance benefits for the month preceding the first month for which he was entitled to old-age insurance benefits,

a child of such individual adopted after such individual became entitled to such old-age or disability insurance benefits shall be deemed not to meet the requirements of clause (i) or (iii) of paragraph (1)(C) unless such child—

(C) is the natural child or stepchild of such individual (including such a child who was legally adopted by such individual), or

(D) (i) was legally adopted by such individual in an adoption decreed by a court of competent jurisdiction within the United States,

(ii) was living with such individual in the United States and receiving at least one-half of his support from such individual (I) if he is an individual referred to in subparagraph (A), for the year immediately before the month in which such individual became entitled to old-age insurance benefits or, if such individual had a period of disability which continued until he had become entitled to old-age insurance benefits, the month in which such period of disability began, or (II) if he is an individual referred to in subparagraph (B), for the year immediately before the month in which began the period of disability of such individual which still exists at the time of adoption (or, if such child was adopted by such individual after such individual attained age 65, the period of disability of such individual which existed one month preceding the month in which he attained age 65) the month in which such individual became entitled to disability insurance benefits, [and] *or (III) if he is an individual referred to in either subparagraph (A) or subparagraph (B) and the child is the grandchild of such individual or his or her spouse, for the year immediately before the month in which such child files his or her application for child's insurance benefits, and*[1]

(iii) had not attained the age of 18 before he began living with such individual.

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Reduction of Insurance Benefits

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Sec. 203. * * *

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Months to Which Earnings Are Charged

(f) For purposes of subsection (b)—

(1) The amount of an individual's excess earnings (as defined in paragraph (3)) shall be charged to months as follows: There shall be charged to the first month of such taxable year an amount of his excess earnings equal to the sum of the payments to which he and all other persons are entitled for such month under section 202 on the basis of his wages and self-employment income (or the total of his excess earnings if such excess earnings are less than such sum), and the balance, if any, of such excess earnings shall be charged to each succeeding month in such year to the extent, in the case of each such month, of the sum of the payments to which such individual and all other persons are entitled for such month under section 202 on the basis of his wages and self-employment income, until the total of such excess has been so charged. Where an individual is entitled to benefits under section 202(a) and other persons are entitled to benefits under section 202(b), (c), or (d)

[1] Applies with respect to monthly benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

on the basis of the wages and self-employment income of such individual, the excess earnings of such individual for any taxable year shall be charged in accordance with the provisions of this subsection before the excess earnings of such persons for a taxable year are charged to months in such individual's taxable year. Notwithstanding the preceding provisions of this paragraph, but subject to section 202(s), no part of the excess earnings of an individual shall be charged to any month (A) for which such individual was not entitled to a benefit under this title, (B) in which such individual was age seventy-two or over, (C) in which such individual, if a child entitled to child's insurance benefits, has attained the age of 18, (D) for which such individual is entitled to widow's insurance benefits and has not attained age 65 (but only if she became so entitled prior to attaining age 60) or widower's insurance benefits and has not attained age 65 (but only if he became so entitled prior to attaining age 60), or (E) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (5) of this subsection) of more than [$175] *$200* or the exempt amounts as determined under paragraph (8).

(2) As used in paragraph (1), the term "first month of such taxable year" means the earliest month in such year to which the charging of excess earnings described in such paragraph is not prohibited by the application of clauses (A), (B), (C), (D), and (E) thereof.

(3) For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be 50 per centum of his earnings for such year in excess of the product of [$175] *$200* or the exempt amount as determined under paragraph (8), multiplied by the number of months in such year, except that, in determining an individual's excess earnings for the taxable year in which he attains age 72, there shall be excluded any earnings of such individual for the month in which he attains such age and any subsequent month (with any net earnings or net loss from self-employment in such year being prorated in an equitable manner under regulations of the Secretary. The excess earnings as derived under the preceding sentence, if not a multiple of $1, shall be reduced to the next lower multiple of $1.

(4) For purposes of clause (E) of paragraph (1)—

(A) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (5) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

(B) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (5) of this subsection) of more than

[$175] *$200* or the exempt amount as determined under paragraph (8) until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount.

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Report of Earnings to Secretary

(h)(1)(A) If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (5) of subsection (f), in excess of the product of [$175] *$200* or the exempt amount as determined under subsection (f)(8) times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year. Such report shall be made on or before the fifteenth day of the fourth month following the close of such year, and shall contain such information and be made in such manner as the Secretary may by regulations prescribe. Such report need not be made for any taxable year (i) beginning with or after the month in which such individual attained the age of 72, or (ii) if benefit payments for all months (in such taxable year) in which such individual is under age 72 have been suspended under the provisions of the first sentence of paragraph (3) of this subsection. The Secretary may grant a reasonable extension of time for making the report of earnings required in this paragraph if he finds that there is valid reason for a delay, but in no case may the period be extended more than three months.

* * * * * * *

Definition of Wages

Sec. 209. For the purposes of this title, the term "wages" means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

(a) * * *

* * * * * * *

(8) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to [$12,000] *$12,600* with respect to employment has been paid to an individual during any calendar year after 1973 and prior to 1975, is paid to such individual during such calendar year;

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Self-Employment

Sec. 211 * * *

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Self-Employment Income

(b) The term "self-employment income" means the net earnings from self-employment derived by an individual (other than a non-

resident alien individual) during any taxable year beginning after 1950; except that such term shall not include—

(1) That part of the net earnings from self-employment which is in excess of—

(A) For any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

* * * * * * *

(H) For any taxable year beginning after 1973 and prior to 1975, (i) [$12,000] *$12,600*, minus (ii) the amount of the wages paid to such individual during the taxable year; and

(I) For any taxable year beginning in any calendar year after 1974, (i) an amount equal to the contribution and benefit base (as determined under section 230) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or

(2) The net earnings from self-employment, if such net earnings for the taxable year are less than $400.

An individual who is not a citizen of the United States but who is a resident of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa shall not, for the purposes of this subsection, be considered to be a nonresident alien individual.

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Quarter and Quarter of Coverage

Definitions

Sec. 213. (a) For the purposes of this title—

(1) The term "quarter", and the term "calendar quarter", means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

(2) The term "quarter of coverage" means a quarter in which the individual has been paid $50 or more in wages (except wages for agricultural labor paid after 1954) or for which he has been credited (as determined under section 212) with $100 or more of self-employment income, except that—

(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;

(ii) if the wages paid to any individual in any calendar year equal to $3,000 in the case of a calendar year before 1951, or $3,600 in the case of a calendar year after 1950 and before 1955, or $4,200 in the case of a calendar year after 1954 and before 1959, or $4,800 in the case of a calendar year after 1958 and before 1966, or $6,600 in the case of a calendar year after 1965 and before 1968, or $7,800 in the case of a calendar year after 1967 and before 1972, or $9,000 in the case of a calendar year after 1971 and before 1973, or $10,800 in the case of a calendar year after 1972 and before 1974, or [$12,000] *$12,600* in the case of a calendar year after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) in the case of

any calendar year after 1974 with respect to which such contribution and benefit base is effective, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals $3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or $4,200 in the case of a taxable year ending after 1954 and before 1959, or $4,800 in the case of a taxable year ending after 1958 and before 1966, or $6,600 in the case of a taxable year after 1965 and before 1968, or $7,800 in the case of a taxable year ending after 1967, or $9,000 in the case of a taxable year beginning after 1971 and before 1973, or $10,800 in the case of a taxable year beginning after 1972 and before 1974, or [$12,090] *$12,600* in the case of a taxable year beginning after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) which is effective for the calendar year in the case of any taxable year beginning in any calendar year after 1974, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;

(iv) if an individual is paid wages for agricultural labor in a calendar year after 1954, then, subject to clause (i), (a) the last quarter of such year which can be but is not otherwise a quarter of coverage shall be a quarter of coverage if such wages equal or exceed $100 but are less than $200; (b) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $200 but are less than $300; (c) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $300 but are less than $400; and (d) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are $400 or more; and

(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

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Computation of Primary Insurance Amount

Sec. 215 * * *

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Certain Wages and Self-Employment Income Not To Be Counted

(e) For the purposes of subsections (b) and (d)—

(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and before 1955, the excess over $4,200 in the case of any calendar year after 1954 and before 1959, the excess over $4,800 in the case of any calendar year after 1958 and before 1966, the excess over $6,600 in the case of any calendar year after 1965 and before 1968, the excess over $7,800 in the case of any calendar year after 1967 and before 1972, the excess

over $9,000 in the case of any calendar year after 1971 and before 1973, the excess over $10,800 in the case of any calendar year after 1972 and before 1974, the excess over [$12,000] *$12,600* in the case of any calendar year after 1973 and before 1975, and the excess over an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1974 with respect to which such contribution and benefit base is effective of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); and

(2) if an individual's average monthly wage computed under subsection (b) or for the purposes of subsection (d) is not a multiple of $1, it shall be reduced to the next lower multiple of $1.

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Adjustment of the Contribution and Benefit Base

Sec. 230. * * *

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(c) For purposes of this section, and for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1954, the "contribution and benefit base" with respect to remuneration paid in (and taxable years beginning in) any calendar year after 1973 and prior to the calendar year with the first month of which the first increase in benefits pursuant to section 215(i) of this Act becomes effective shall be [$12,000] *$12,600* or (if applicable) such other amount as may be specified in a law enacted subsequent to the law which added this section.

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TITLE V—MATERNAL AND CHILD HEALTH AND CRIPPLED CHILDREN'S SERVICES

Authorization of Appropriations

Sec. 501. For the purpose of enabling each State to extend and improve (especially in rural areas and in areas suffering from severe economic distress), as far as practicable under the conditions in such State,

(1) services for reducing infant mortality and otherwise promoting the health of mothers and children; and

(2) services for locating, and for medical, surgical, corrective, and other services and care for and facilities for diagnosis, hospitalization, and aftercare for, children who are crippled or who are suffering from conditions leading to crippling.

there are authorized to be appropriated $250,000,000 for the fiscal year ending June 30, 1969, $275,000,000 for the fiscal year ending June 30, 1970, $300,000,000 for the fiscal year ending June 30, 1971, $325,000,000 for the fiscal year ending June 30, 1972, and $350,000,000 for the fiscal year ending June 30, 1973, and each fiscal year thereafter.

Purposes for Which Funds Are Available

Sec. 502. Appropriations pursuant to section 501 shall be available for the following purposes in the following proportions:

(1) In the case of the fiscal year ending June 30, 1969, and each of the next [4] *5* fiscal years, (A) 50 percent of the appropriation for such year shall be for allotments pursuant to sections 503 and 504; (B) 40 percent thereof shall be for grants pursuant to sections 508, 509, and 510; and (C) 10 percent thereof shall be for grants, contracts, or other arrangements pursuant to sections 511 and 512.

(2) In the case of the fiscal year ending June 30, [1974] *1975* and each fiscal year thereafter, (A) 90 percent of the appropriation for such years shall be for allotments pursuant to sections 503 and 504; and (B) 10 percent thereof shall be for grants, contracts, or other arrangements pursuant to sections 511 and 512.

Not to exceed 5 percent of the appropriation for any fiscal year under this section shall be transferred, at the request of the Secretary, from one of the purposes specified in paragraph (1) or (2) to another purpose or purposes so specified. For each fiscal year, the Secretary shall determine the portion of the appropriation, within the percentage determined above to be available for sections 503 and 504, which shall be available for allotment pursuant to section 503 and the portion thereof which shall be available for allotment pursuant to section 504. Notwithstanding the preceding provisions of this section, of the amount appropriated for any fiscal year pursuant to section 501, not less than 6 percent of the amount appropriated shall be available for family planning services from allotments under section 503 and for family planning services under projects under sections 508 and 512.

Allotments to States for Maternal and Child Health Services

Sec. 503. The amount determined to be available pursuant to section 502 for allotments under this section shall be allotted for payments for maternal and child health services as follows:

(1) One-half of such amount shall be allotted by allotting to each State $70,000 plus such part of the remainder of such one-half as he finds that the number of live births in such State bore to the total number of live births in the United States in the latest calendar year for which he has statistics.

(2) The remaining one-half of such amount shall (in addition to the allotments under paragraph (1)) be allotted to the States from time to time according to the financial need of each State for assistance in carrying out its State plan, as determined by the Secretary after taking into consideration the number of live births in such State; except that not more than 25 percent of such one-half shall be available for grants to State agencies (administering or supervising the administration of a State plan approved under section 505), and to public or other nonprofit institutions of higher learning (situated in any State), for special projects of regional or national significance which may contribute to the advancement of maternal and child health.

Allotments to States for Crippled Children's Services

Sec. 504. The amount determined to be available pursuant to section 502 for allotments under this section shall be allotted for payments for crippled children's services as follows:

(1) One-half of such amount shall be allotted by allotting to each State $70,000 and allotting the remainder of such one-half according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in paragraph (2) of section 501 and the cost of furnishing such services to them.

(2) The remaining one-half of such amount shall (in addition to the allotments under paragraph (1)) be allotted to the States from time to time according to the financial need of each State for assistance in carrying out its State plan, as determined by the Secretary after taking into consideration the number of crippled children in each State in need of the services referred to in paragraph (2) of section 501 and the cost of furnishing such services to them; except that not more than 25 percent of such one-half shall be available for grants to State agencies (administering or supervising the administration of a State plan approved under section 505), and to public or other nonprofit institutions of higher learning (situated in any State), for special projects of regional or national significance which may contribute to the advancement of services for crippled children.

Approval of State Plans

Sec. 505. (a) In order to be entitled to payments from allotments under section 502, a State must have a State plan for maternal and child health services and services for crippled children which—

(1) provides for financial participation by the State;

(2) provides for the administration of the plan by the State health agency or the supervision of the administration of the plan by the State health agency; except that in the case of those States which on July 1, 1967, provided for administration (or supervision thereof) of the State plan approved under section 513 (as in effect on such date) by a State agency other than the State health agency, the plan of such State may be approved under this section if it would meet the requirements of this subsection except for provision of administration (or supervision thereof) by such other agency for the portion of the plan relating to services for crippled children, and, in each such case, the portion of such plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title;

(3) provides (A) such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are necessary for the proper and efficient operation of the plan and (B) provides for the training and effective use of paid subprofessional staff, with particular

emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in providing services and in assisting any advisory committees established by the State agency;

(4) provides that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports;

(5) provides for cooperation with medical, health, nursing, educational, and welfare groups and organizations and, with respect to the portion of the plan relating to services for crippled children, with any agency in such State charged with administering State laws providing for vocational rehabilitation of physically handicapped children;

(6) provides for payment of the reasonable cost of inpatient hospital services provided under the plan, as determined in accordance with methods and standards, consistent with section 1122, which shall be developed by the State and included in the plan, except that the reasonable cost of any such services as determined under such methods and standards shall not exceed the amount which would be determined under section 1861(v) as the reasonable cost of such services for purposes of title XVIII;

(7) provides, with respect to the portion of the plan relating to services for crippled children, for early identification of children in need of health care and services, and for health care and treatment needed to correct or ameliorate defects or chronic conditions discovered thereby, through provision of such periodic screening and diagnostic services, and such treatment, care and other measures to correct or ameliorate defects or chronic conditions, as may be provided in regulations of the Secretary;

(8) effective July 1, [1973] *1974* provides a program (carried out directly or through grants or contracts) of projects described in section 508 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily helping to reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with child bearing and of satisfactorily helping to reduce infant and maternal mortality;

(9) effective July 1, [1973] *1974* provides a program (carried out directly or through grants or contracts) of projects described in section 509 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily promoting the health of children and youth of school or preschool age;

(10) effective July 1, [1973] *1974* provides a program (carried out directly or through grants or contracts) of projects described in section 510 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily promoting the dental health of children and youth of school or preschool age;

(11) provides for carrying out the purposes specified in section 501;

(12) provides for the development of demonstration services (with special attention to dental care for children and family planning services for mothers) in needy areas and among groups in special need;

(13) provides that, where payment is authorized under the plan for services which an optometrist is licensed to perform, the individual for whom such payment is authorized may, to the extent practicable, obtain such services from an optometrist licensed to perform such services except where such services are rendered in a clinic, or another appropriate institution, which does not have an arrangement with optometrists so licensed;

(14) provides that acceptance of family planning services provided under the plan shall be voluntary on the part of the individual to whom such services are offered and shall not be a prerequisite to eligibility for or the receipt of any service under the plan; and

(15) provides—

(A) that the State health agency, or other appropriate State medical agency, shall be responsible for establishing a plan, consistent with regulations prescribed by the Secretary for the review by appropriate professional health personnel of the appropriateness and quality of care and services furnished to recipients of services under the plan and, where applicable, for providing guidance with respect thereto to the other State agency referred to in paragraph (2); and

(B) that the State or local agency utilized by the Secretary for the purpose specified in the first sentence of section 1864(a), or, if such agency is not the State agency which is responsible for licensing health institutions, the State agency responsible for such licensing, will perform the function of determining whether institutions and agencies meet the requirements for participation in the program under the plan under this title.

(b) The Secretary shall approve any plan which meets the requirements of subsection (a).

Payments

Sec. 506. (a) From the sums appropriated therefor and the allotments available under section 503(1) or 504(1), as the case may be, the Secretary shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing July 1, 1968, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan with respect to maternal and child health services and services for crippled children, respectively.

(b)(1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsection (a) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from

which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

(2) The Secretary shall then pay to the State, in such installments as he may determine, the amount so estimated, reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to such State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

(3) Upon the making of an estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

(c) The Secretary shall also from time to time make payments to the States from their respective allotments pursuant to section 503(2) or 504(2). Payments of grants under sections 503(2), 504(2), 508, 509, 510, and 511, and of grants, contracts, or other arrangements under section 512, may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of the section involved.

(d) The total amount determined under subsections (a) and (b) and the first sentence of subsection (c) for any fiscal year ending after June 30, 1968, shall be reduced by the amount by which the sum expended (as determined by the Secretary) from non-Federal sources for maternal and child health services and services for crippled children for such year is less than the sum expended from such sources for such services for the fiscal year ending June 30, 1968. In the case of any such reduction, the Secretary shall determine the portion thereof which shall be applied, and the manner of applying such reduction, to the amounts otherwise payable from allotments under section 503 or section 504.

(e) Notwithstanding the preceding provisions of this section, no payment shall be made to any State thereunder from the allotments under section 503 or section 504 for any period after June 30, 1968, unless the State makes a satisfactory showing that it is extending the provisions of services, including services for dental care for children and family planning for mothers, to which such State's plan applies in the State with a view to making such services available by July 1, 1975, to children and mothers in all parts of the State.

(f) Notwithstanding the preceding provisions of this section, no payment shall be made to any State thereunder—

(1) with respect to any amount paid for items or services furnished under the plan after December 31, 1972, to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the fourth and fifth sentences of section 1842(b)(3); or

(2) with respect to any amount paid for services furnished under the plan after December 31, 1972, by a provider or other person during any period of time, if payment may not be made under title XVIII with respect to services furnished by such provider or person during such period of time solely by reason of a determination by the Secretary under section 1862(d)(1) or under clause (D), (E), or (F) of section 1866(b)(2); or

(3) with respect to any amount expended for inpatient hospital services furnished under the plan to the extent that such amount exceeds the hospital's customary charges with respect to such services or (if such services are furnished under the plan by a public institution free of charge or at nominal charges to the public) exceeds an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such payment which the Secretary finds will provide fair compensation to such institution for such services; or

(4) with respect to any amount expended for services furnished under the plan by a hospital unless such hospital has in effect a utilization review plan which meets the requirement imposed by section 1861(k) for purposes of title XVIII; and if such hospital has in effect such a utilization review plan for purposes of title XVIII, such plan shall serve as the plan required by this subsection (with the same standards and procedures and the same review committee or group) as a condition of payment under this title; the Secretary is authorized to waive the requirements of this paragraph in any State if the State agency demonstrates to his satisfaction that it has in operation utilization review procedures which are superior in their effectiveness to the procedures required under section 1861(k).

(g) For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or areawide planning agency, see section 1122.

Operation of State Plans

Sec. 507. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

(1) that the plan has been so changed that it no longer complies with the provisions of section 505; or

(2) that in the administration of the plan there is a failure to comply substantially with any such provision;

the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure), until the Secretary is satisfied that there will no longer be any such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

Special Project Grants for Maternity and Infant Care

Sec. 508. (a) In order to help reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing and to help reduce infant and maternal mortality, the Secretary is authorized to make, from the sums available under clause (B) of paragraph (1) of section 502, grants to the State health agency of any State and, with the consent of such agency, to the health agency of any political subdivision of the State, and to

any other public or nonprofit private agency, institution, or organization, to pay not to exceed 75 percent of the cost (exclusive of general agency overhead) of any project for the provision of—

(1) necessary health care to prospective mothers (including, after childbirth, health care to mothers and their infants) who have or are likely to have conditions associated with childbearing or are in circumstances which increase the hazards to the health of the mothers or their infants (including those which may cause physical or mental defects in the infants), or

(2) necessary health care to infants during their first year of life who have any condition or are in circumstances which increase the hazards to their health, or

(3) family planning services, but only if the State, or local agency determines that the recipient will not otherwise receive such necessary health care or services because he is from a low-income family or for other reasons beyond his control. Acceptance of family planning services provided under a project under this section (and section 512) shall be voluntary on the part of the individual to whom such services are offered and shall not be a prerequisite to the eligibility for or the receipt of any service under such project.

(b) No grant may be made under this section for any project for any period after June 30, [1973] *1974*.

Special Project Grants for Health of School and Preschool Children

Sec. 509. (a) In order to promote the health of children and youth of school or preschool age, particularly in areas with concentrations of low-income families, the Secretary is authorized to make, from the sums available under clause (B) of paragraph (1) of section 502, grants to the State health agency of any State and (with the consent of such agency) to the health agency of any political subdivision of the State, to the State agency of the State administering or supervising the administration of the State plan approved under section 505, to any school of medicine (with appropriate participation by a school of dentistry), and to any teaching hospital affiliated with such a school, to pay not to exceed 75 percent of the cost of projects of a comprehensive nature for health care and services for children and youth of school age or for preschool children (to help them prepare to start school). No project shall be eligible for a grant under this section unless it provides (1) for the coordination of health care and services provided under it with, and utilization (to the extent feasible) of, other State or local health, welfare, and education programs for such children, (2) for payment of (A) the reasonable cost (as determined in accordance with standards, consistent with section 1122, approved by the Secretary) of inpatient hospital services provided under the project, or (B) if less, the customary charges with respect to such services provided under the project, or (C) if such services are furnished under the project by a public institution free of charge or at nominal charges to the public, an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such reasonable cost which the Secretary finds will provide fair compensation to such institution for such

services, and (3) that any treatment, correction of defects, or aftercare provided under the project is available only to children who would not otherwise receive it because they are from low-income families or for other reasons beyond their control; and no such project for children and youth of school age shall be considered to be of a comprehensive nature for purposes of this section unless it includes (subject to the limitation in the preceding provisions of this sentence) at least such screening, diagnosis, preventive services, treatment, correction of defects, and aftercare, both medical and dental, as may be provided for in regulations of the Secretary.

(b) No grant may be made under this section for any project for any period after June 30, [1973] *1974*.

Special Project Grants for Dental Health of Children

Sec. 510. (a) In order to promote the dental health of children and youth of school or preschool age, particularly in areas with concentrations of low-income families, the Secretary is authorized to make grants, from the sums available under clause (B) of paragraph (1) of section 502, to the State health agency of any State and (with the consent of such agency) to the health agency of any political subdivision of the State, and to any other public or nonprofit private agency, institution, or organization, to pay not to exceed 75 percent of the cost of projects of a comprehensive nature for dental care and services for children and youth of school age or for preschool children. No project shall be eligible for a grant under this section unless it provides that any treatment, correction of defects, or aftercare provided under the project is available only to children who would not otherwise receive it because they are from low-income families or for other reasons beyond their control, and unless it includes (subject to the limitation of the foregoing provisions of this sentence) at least such preventive services, treatment, correction of defects, and aftercare, for such age groups, as may be provided in regulations of the Secretary. Such projects may also include research looking toward the development of new methods of diagnosis or treatment, or demonstration of the utilization of dental personnel with various levels of training.

(b) No grant may be made under this section for any project for any period after June 30, [1973] *1974*.

Training of Personnel

Sec. 511. From the sums available under clause (C) of paragraph (1) or clause (B) of paragraph (2) of section 502, the Secretary is authorized to make grants to public or nonprofit private institutions of higher learning for training personnel for health care and related services for mothers and children, particularly mentally retarded children and children with multiple handicaps. In making such grants the Secretary shall give special attention to programs providing training at the undergraduate level.

Research Projects Relating to Maternal and Child Health Services and Crippled Children's Services

Sec. 512. From the sums available under clause (C) of paragraph (1) or clause (B) of paragraph (2) of section 502, the Secretary is authorized to make grants to or jointly financed cooperative arrangements with public or other nonprofit institutions of higher learning, and public or nonprofit private agencies and organizations engaged in research or in maternal and child health or crippled children's programs, and contracts with public or nonprofit private agencies and organizations engaged in research or in such programs, for research projects relating to maternal and child health services or crippled children's services which show promise of substantial contribution to the advancement thereof. Effective with respect to grants made and arrangements entered into after June 30, 1968, (1) special emphasis shall be accorded to projects which will help in studying the need for, and the feasibility, costs, and effectiveness of, comprehensive health care programs in which maximum use is made of health personnel with varying levels of training, and in studying methods of training for such programs, and (2) grants under this section may also include funds for the training of health personnel for work in such projects.

Administration

Sec. 513. (a) The Secretary of Health, Education, and Welfare shall make such studies and investigations as will promote the efficient administration of this title.

(b) Such portion of the appropriations for grants under section 501 as the Secretary may determine, but not exceeding one-half of 1 percent thereof, shall be available for evaluation by the Secretary (directly or by grants or contracts) of the programs for which such appropriations are made and, in the case of allotments from any such appropriation, the amount available for allotments shall be reduced accordingly.

(c) Any agency, institution, or organization shall, if and to the extent prescribed by the Secretary, as a condition to receipt of grants under this title, cooperate with the State agency administering or supervising the administration of the State plan approved under title XIX in the provision of care and services, available under a plan or project under this title, for children eligible therefor under such plan approved under title XIX.

Definition

Sec. 514. For purposes of this title, a crippled child is an individiual under the age of 21 who has an organic disease, defect, or condition which may hinder the achievement of normal growth and development.

Observance of Religious Beliefs

Sec. 515. Nothing in this title shall be construed to require any State which has any plan or program approved under, or receiving financial support under, this title to compel any person to undergo any

medical screening, examination, diagnosis, or treatment or to accept any other health care or services provided under such plan or program for any purpose (other than for the purpose of discovering and preventing the spread of infection or contagious disease or for the purpose of protecting environmental health), if such person objects (or, in case such person is a child, his parent or guardian objects) thereto on religious grounds.

Supplemental Allotments

Sec. 516. *(a)(1) For each fiscal year (commencing with the fiscal year ending June 30, 1975), there shall (subject to paragraph (2)) be allotted to each State (from funds appropriated for such fiscal year pursuant to subsection (b)) an amount, which shall be in addition to and available for the same purposes as the allotments of such State (as determined under sections 503 and 504), equal to the excess (if any) of—*

(A) the amount of the allotment of such State (as determined under sections 503 and 504) for the fiscal year ending June 30, 1973, plus the amounts of any grants to such States under sections 508, 509, and 510, over

(B) the amount of the allotment of such State (as determined under sections 503 and 504) for such fiscal year which commences after June 30, 1973.

(2) No State shall receive an allotment under this section for any fiscal year, unless such State (in the administration of its State plan, approved under section 505) has in effect arrangements which the Secretary finds will provide for the continuation of appropriate services to population groups previously receiving services from funds made available (for the fiscal year ending June 30, 1974) to such State pursuant to sections 508, 509, and 510.

(b)(1)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated for each fiscal year (commencing with the fiscal year ending June 30, 1975) such amounts as may be necessary to enable the Secretary to make the allotments authorized under subsection (a).

(B) Nothing contained in subparagraph (A) shall be construed to authorize, for any fiscal year, the appropriation under this subsection of any amount which is in excess of the amount by which—

(i) the amount authorized to be appropriated under section 501 for such year, exceeds

(ii) the total amounts appropriated pursuant to section 501 for such year.

(2) If, for any fiscal year, the total amount appropriated pursuant to paragraph (1) is less than the total amount allotted to all States under subsection (a), then the amount of the allotment of each State (as determined under subsection (a)) shall be reduced to an amount which bears the same ratio to the total amount appropriated pursuant to paragraph (1) for such fiscal year as the amount of the allotment of such State (as determined under subsection (a)) bears to the total amount allotted to all States under subsection (a) for such fiscal year.

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TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL STANDARDS REVIEW

Part A—General Provisions

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Limitation on Funds for Certain Social Services

Sec. 1130. (a) Notwithstanding the provisions of section 3(a) (4) and (5), 403(a)(3), 1003(a) (3) and (4), 1403(a) (3) and (4), or 1603 (a) (4) and (5), amounts payable for any fiscal year (commencing with the fiscal year beginning July 1, 1972) under such section (as determined without regard to this section) to any State with respect to expenditures made after June 30, 1972, for services referred to in such section (other than the services provided pursuant to section 402(a)(19)(G)), shall be reduced by such amounts as may be necessary to assure that—

(1) the total amount paid to such State (under all of such sections) for such fiscal year for such services does not exceed the allotment of such State (as determined under subsection (b)); and

(2) [of the amounts paid (under all of such sections)] *of the amounts paid under such section 403(a)(3)*[2] to such State for such fiscal year with respect to such expenditures, other than expenditures for—

(A) services provided to meet the needs of a child for personal care, protection, and supervision, but only in the case of a child where the provision of such services is needed (i) in order to enable a member of such child's family to accept or continue in employment or to participate in training to prepare such member for employment, or (ii) because of the death, continued absence from the home, or incapacity of the child's mother and the inability of any member of such child's family to provide adequate care and supervision for such child;

(B) family planning services;

(C) services provided to a mentally retarded individual (whether a child or an adult), but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary) by such individual by reason of his condition of being mentally retarded;

(D) services provided to an individual who is a drug addict or an alcoholic, but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary) by such individual as part of a program of active treatment of his condition as a drug addict or an alcoholic; and

(E) services provided to a child who is under foster care in a foster family home (as defined in section 408) or in a child-care institution (as defined in such section), or while awaiting placement in such a home or institution, but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary) by such child because he is under foster care,

not more than 10 per centum thereof are paid with respect to expenditures incurred in providing services to individuals who are not recipients of aid or assistance [(under State plans approved under titles I, X, XIV, XVI, or part A of title IV)] *under the State plan approved under part A of title IV,*[2] or applicants (as defined under regulations of the Secretary) for such aid or assistance.

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TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

* * * * * * *

Part A—Determination of Benefits

Eligibility for and Amount of Benefits

Definition of Eligible Individual

Sec. 1611. (a) (1) Each aged, blind, or disabled individual who does not have an eligible spouse and—

(A) whose income, other than income excluded pursuant to section 1612(b), is at a rate of not more than [$1,560] *$1,680* [3] for the calendar year 1974 or any calendar year thereafter, and

(B) whose resources, other than resources excluded pursuant to section 1613(a), are not more than (i) in case such individual has a spouse with whom he is living, $2,250, or (ii) in case such individual has no spouse with whom he is living, $1,500,

shall be an eligible individual for purposes of this title.

(2) Each aged, blind, or disabled individual who has an eligible spouse and—

(A) whose income (together with the income of such spouse), other than income excluded pursuant to section 1612(b), is at a rate of not more than [$2,340] *$2,520* [3] for the calendar year 1974, or any calendar year thereafter, and

(B) whose resources (together with the resources of such spouse), other than resources excluded pursuant to section 1613 (a), are not more than $2,250,

shall be an eligible individual for purposes of this title.

Amounts of Benefits

(b)(1) The benefit under this title for an individual who does not have an eligible spouse shall be payable at the rate of [$1,560] *$1,680* [3] for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual.

(2) The benefit under this title for an individual who has an eligible spouse shall be payable at the rate of [$2,340] *$2,520* [3] for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual and spouse.

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[2] Effective upon enactment.
[3] Effective date July 1, 1974.

Part B—Procedural and General Provisions

Payments and Procedures

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Administration

Sec. 1633. (*a*) *Subject to subsection* (*b*), *the* [The] Secretary may make such administrative and other arrangements (including arrangements for the determination of blindness and disability under section 1614(a) (2) and (3) in the same manner and subject to the same conditions as provided with respect to disability determinations under section 221) as may be necessary or appropriate to carry out his functions under this title.

(*b*) *In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select.*

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TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

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Payment to States

Sec. 1903 * * *

* * * * * * *

[(j) Notwithstanding the preceding provisions of this section—

[(1) in determining the amount payable to any State with respect to expenditures for skilled nursing facility services furnished in any calendar quarter beginning after December 31, 1972, there shall not be included as expenditures under the State plan any amount in excess of the product of (A) the number of inpatient days of skilled nursing facility services provided under the State plan in such quarter, and (B) 105 per centum of the average per diem cost of such services for the fourth calendar quarter preceding such calendar quarter; and

[(2) in determining the amount payable to any State with respect to expenditures for intermediate care facility services furnished in any calendar quarter beginning after December 31, 1972, there shall not be included as expenditures under the State plan any amount in excess of the product of (A) the number of inpatient days of intermediate care facility services provided in such quarter under each of the plans of such State approved under titles I, X, XIV, XVI, and XIX, and (B) 105 per centum of the average per diem cost of such services for the fourth calendar quarter preceding such calendar quarter.

For purposes of determining the amount payable to any State with respect to any quarter under paragraphs (1) and (2), the Secretary may by regulation increase the percentage specified in clause (B) of each such paragraph to the extent necessary to take account of

increase in per diem costs which result directly from increases in the Federal minimum wages, or which otherwise result directly from cost increases which the Secretary determines are attributable to the upgrading of services and facilities required by this Act or from provisions of Federal law enacted (or amendments to Federal law made) after the date of the enactment of the Social Security Amendments of 1972.] [4]

* * * * * * *

EXCERPTS FROM PUBLIC LAW 92-336

(Effective date January 1, 1974)

* * * * * * *

INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

* * * * * * *

(2) (A) Section 3121(a)(1) of such Code (relating to definition of wages) is amended by striking out "$9,000" each place it appears and inserting in lieu thereof "$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out "$10,800" each place it appears and inserting in lieu thereof "$12,000".

(C) Effective with respect to remuneration paid after 1974, section 3121(a)(1) of such Code is amended—

(i) by striking out [~~"$12,000"~~] *"$12,600"* each place it appears and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)", and

(ii) by striking out "by an employer during any calendar year", and inserting in lieu thereof "by an employer during the calendar year with respect to which such contribution and benefit base is effective".

(3)(A) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "$9,000" and inserting in lieu thereof "$10,800".

(B) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out "$10,800" and inserting in lieu thereof "$12,000".

(C) Effective with respect to remuneration paid after 1974, the second sentence of section 3122 of such Code is amended by striking out "the [~~$12,000~~] *$12,600* limitation" and inserting in lieu thereof "the contribution and benefit base limitation".

(4)(A) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "$9,000" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out "$10,800" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$12,000".

[4] Effective date Jan. 1, 1973.

(C) Effective with respect to remuneration paid after 1974, section 3125 of such Code is amended by striking out "the [$12,000] *$12,600* limitation" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "the contribution and benefit base limitation".

* * * * * * *

(7)(A) Section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out "$9,000" and inserting in lieu thereof "$10,800".

(B) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "$10,800" and inserting in lieu thereof "$12,000".

(C) Effective with respect to taxable years beginning after 1974, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "the excess of [$12,000] *$12,600* over the amount" and inserting in lieu thereof "the excess of (I) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which the taxable year begins, over (II) the amount".

* * * * * * *

EXCERPTS FROM THE SOCIAL SECURITY AMENDMENTS OF 1972

(Effective upon enactment)

[P.L. 92-603]

* * * * * * *

DETERMINING ELIGIBILITY FOR ASSISTANCE UNDER TITLE XIX FOR CERTAIN INDIVIDUALS

Sec. 249E. For purposes of section 1902(a)(10) of the Social Security Act any individual who, for the month of August 1972, was eligible for or receiving aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV of such Act and who for such month was entitled to monthly insurance benefits under title II of such Act shall be deemed to be eligible for such aid or assistance for any month thereafter prior to [October 1974] *July 1975* if such individual would have been eligible for such aid or assistance for such month had the increase in monthly insurance benefits under title II of such Act resulting from enactment of Public Law 92-336 not been applicable to such individual.

* * * * * * *

EXCERPTS FROM THE FEDERAL-STATE EXTENDED UNEMPLOYMENT COMPENSATION ACT OF 1970

(Effective upon enactment)

(P.L. 91-373) (84 Stat. 695.)

* * * * * * *

Extended Benefit Period

Beginning and Ending

SEC. 203. (a) For purposes of this title, in the case of any State, an extended benefit period—

(1) shall begin with the third week after whichever of the following weeks first occurs:

(A) a week for which there is a national "on" indicator, or

(B) a week for which there is a State "on" indicator; and

(2) shall end with the third week after the first week for which there is both a national "off" indicator and a State "off" indicator.

Special Rules

(b)(1) In the case of any State—

(A) No extended benefit period shall last for a period of less than thirteen consecutive weeks, and

(B) no extended benefit period may begin by reason of a State "on" indicator before the fourteenth week after the close of a prior extended benefit period with respect to such State.

(2) When a determination has been made that an extended benefit period is beginning or ending with respect to a State (or all the States), the Secretary shall cause notice of such determination to be published in the Federal Register.

Eligibility Period

(c) For purposes of this title, an individual's eligibility period under the State law shall consist of the weeks in his benefit year which begin in an extended benefit period and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such extended benefit period.

National "On" and "Off" Indicators

(d) For purposes of this section—

(1) There is a national "on" indicator for a week if for each of the three most recent calendar months ending before such week, the rate of insured unemployment (seasonably adjusted) for all States equaled or exceeded 4.5 per centum (determined by reference to the average monthly covered employment for the first four of the most recent six calendar quarters ending before the month in question).

(2) There is a national "off" indicator for a week if for each of the three most recent calendar months ending before such week, the rate of insured unemployment (seasonally adjusted) for all States was less than 4.5 per centum (determined by reference to the average monthly covered employment for the first four of the most recent six calendar quarters ending before the month in question).

State "On" and "Off" Indicators

(e) For purposes of this section—

(1) There is a State "on" indicator for a week if the rate of insured unemployment under the State law for the period consisting of such week and the immediately preceding twelve weeks—

(A) equaled or exceeded 120 per centum of the average of such rates for the corresponding thirteen-week period ending in each of the preceding two calendar years, and

(B) equaled or exceeded 4 per centum.

(2) There is a State "off" indicator for a week if, for the period consisting of such week and the immediately preceding twelve weeks, either subparagraph (A) or subparagraph (B) of paragraph (1) was not satisfied. Effective with respect to compensation for weeks of unemployment beginning before July 1, 1973, and beginning after the date of the enactment of this sentence (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a State "off" indicator ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof. *Effective with respect to compensation for weeks of unemployment beginning before January 1, 1974, and beginning after the date of the enactment of this sentence (or, if later, the date established pursuant to State law), the State by law may provide that the determination of whether there has been a State "off" indicator ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof and may provide that the determination of whether there has been a State "on" indicator beginning any extended benefit period shall be made under this subsection as if (i) paragraph (1) did not contain subparagraph (A) thereof, (ii) the 4 per centum contained in subparagraph (B) thereof were 4.5 per centum, and (iii) paragraph (1) of subsection (b) did not contain subparagraph (B) thereof. In the case of any individual who has a week with respect to which extended compensation was payable pursuant to a State law referred to in the preceding sentence, if the extended benefit period under such law does not expire before January 1, 1974, the eligibility period of such individual for purposes of such law shall end with the thirteenth week which begins after December 31, 1973.*

For purposes of this subsection, the rate of insured unemployment for any 13-week period shall be determined by reference to the average monthly covered employment under the State law for the first four of the most recent six calendar quarters ending before the close of such period.

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EXCERPTS FROM THE INTERNAL REVENUE CODE

[Effective date of Jan. 1, 1974, unless otherwise noted.]

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CHAPTER 2—TAX ON SELF-EMPLOYMENT INCOME

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SEC. 1402. DEFINITIONS.[1]

(b) SELF-EMPLOYMENT INCOME.—The term "self-employment income" means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year; except that such term shall not include—

[1] Due to typographical error sec. 208(b)(1) refers to sec. 1402(b)(1)(II) instead of 1402(b)(1)(IV).

(1) that part of the net earnings from self-employment which is in excess of—

* * * * * * *

(H) for any taxable year beginning after 1973 and before 1975, (i) [$12,000] *$12,600*, minus (ii) the amount of the wages paid to such individual during the taxable year; and

(I) for any taxable year beginning in any calendar year after 1974, (i) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or

(2) the net earnings from self-employment, if such net earnings for the taxable year are less than $400.

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CHAPTER 21—FEDERAL INSURANCE CONTRIBUTIONS ACT

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SUBCHAPTER C—GENERAL PROVISIONS

SEC. 3121. DEFINITIONS.

(a) WAGES.—For purposes of this chapter, the term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

(1) that part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to [$10,800] *$12,600* with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to [$10,800] *$12,600* to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

* * * * * * *

SEC. 3122. FEDERAL SERVICE.

In the case of the taxes imposed by this chapter with respect to service performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, including service, performed as a member of a uniformed service, to which the provisions of section 3121(m)(1) are applicable, and including service, performed as a volunteer or volunteer leader within the meaning of the Peace Corps Act, to which the provisions of section 3121(p) are applicable, the determination whether an individual has performed service which constitutes employment as defined in section 3121(b), the determination of the amount of remuneration for such service which constitutes wages as defined in section 3121(a), and the return and payment of the taxes imposed by this chapter, shall be made by the head of the Federal agency or instrumentality having the control of such service, or by such agents as such head may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to such service without regard to the [$10,800] *$12,600* limitation in section 3121(a)(1), and he shall not be required to obtain a refund of the tax paid under section 3111 on that part of the remuneration not included in wages by reason of section 3121(a)(1). Payments of the tax imposed under section 3111 with respect to service, performed by an individual as a member of a uniformed service, to which the provisions of section 3121(m)(1) are applicable, shall be made from appropriations available for the pay of members of such uniformed service. The provisions of this section shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; and for purposes of this section the Secretary of Defense shall be deemed to be the head of such instrumentality. The provisions of this section shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this section the Secretary shall be deemed to be the head of such instrumentality.

* * * * * * *

SEC. 3125. RETURNS IN THE CASE OF GOVERNMENTAL EMPLOYEES IN GUAM, AMERICAN SAMOA, AND THE DISTRICT OF COLUMBIA.

(a) GUAM.—The return and payment of taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of Guam or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of Guam or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the [$10,800] *$12,600* limitation in section 3121(a)(1).

(b) AMERICAN SAMOA.—The return and payment of the taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of American Samoa or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of American Samoa or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the [$10,800] *$12,600* limitation in section 3121(a)(1).

(c) DISTRICT OF COLUMBIA.—In the case of the taxes imposed by this chapter with respect to service performed in the employ of the District of Columbia or in the employ of any instrumentality which is wholly owned thereby, the return and payment of the taxes may be made by the Commissioners of the District of Columbia or by such agents as they may designate. The person making such return may, for convenience of administration, make payments of the tax imposed by section 3111 with respect to such service without regard to the [$10,800] *$12,600* limitation in section 3121(a)(1).

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CHAPTER 61—INFORMATION AND RETURNS

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[SEC. 6096. DESIGNATION BY INDIVIDUALS.

[(a) IN GENERAL.—Every individual (other than a nonresident alien whose income tax liability for any taxable year is $1 or more may designate that $1 shall be paid over to the Presidential Election Campaign Fund for the account of the candidates of any specified political party for President and Vice President of the United States, or if no specific account is designated by such individual, for a general account for all candidates for election to the offices of President and Vice President of the United States, in accordance with the provisions of section 9006(a)(1). In the case of a joint return of husband and wife having an income tax liability of $2 or more, each spouse may designate that $1 shall be paid to any such account in the fund.

[(b) INCOME TAX LIABILITY.—For purposes of subsection (a), the income tax liability of an individual for any taxable year is the amount of the tax imposed by chapter 1 on such individual for such taxable year (as shown on his return), reduced by the sum of the credits (as shown in his return) allowable under sections 32(2), 33, 35, 37, and 38.

[(c) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year, in such manner as the Secretary or his delegate may prescribe by regulations—

[(1) at the time of filing the return of the tax imposed by chapter 1 of such taxable year, or

[(2) at any other time (after the time of filing the return of the tax imposed by chapter 1 for such taxable year) specified in regulations prescribed by the Secretary or his delegate.]

***SEC. 6096. DESIGNATION BY INDIVIDUAL.**[*]*

(a) IN GENERAL.—Every individual (other than a nonresident alien) whose income tax liability for the taxable year is $1 or more may designate that $1 shall be paid over to the Presidential Election Campaign Fund in accordance with the provisions of section 9006(a). In the case of a joint return of husband and wife having an income tax liability of $2 or more, each spouse may designate that $1 shall be paid to the fund.

(b) INCOME TAX LIABILITY.—For purposes of subsection (a), the income tax liability of an individual for any taxable year is the amount of the tax imposed by chapter 1 on such individual for such taxable year (as shown on his return), reduced by the sum of the credits (as shown in his return) allowable under sections 33, 37, 38, 40, and 41.

(c) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year—

(1) at the time of filing the return of the tax imposed by chapter 1 for such taxable year, or

(2) at any other time (after the time of filing the return of the tax imposed by chapter 1 for such taxable year) specified in regulations prescribed by the Secretary or his delegate.

Such designation shall be made in such manner as the Secretary or his delegate prescribes by regulations except that, if such designation is made at the time of filing the return of the tax imposed by chapter 1 for such taxable year, such designation shall be made either on the first page of the return or on the page bearing the taxpayer's signature.

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CHAPTER 65—ABATEMENT CREDITS AND REFUNDS

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SEC. 6413. SPECIAL RULES APPLICABLE TO CERTAIN EMPLOYMENT TAXES.

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(c) SPECIAL REFUNDS.—

(1) IN GENERAL.—If by reason of any employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the em-

[*] *Applies with respect to taxable years beginning after December 31, 1972. Any designation made under section 6096 of the Internal Revenue Code of 1954 (as in effect for taxable years beginning before January 1, 1973) for the account of the candidates of any specified political party shall, for purposes of section 9006(a) of such Code (as amended by subsection (i)), be treated solely as a designation to the Presidential Election Campaign Fund.*

ployee shall be entitled (subject to the provisions of section 31(b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 1400 of the Internal Revenue Code of 1939 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer (A) during any calendar year after the calendar year 1954 and prior to the calendar year 1959, the wages received by him during such year exceed $4,200, or (B) during any calendar year after the calendar year 1958 and prior to the calendar year 1966, the wages received by him during such year exceed $4,800 or (C) during any calendar year after the calendar year 1965 and prior to the calendar year 1968, the wages received by him during such year exceed $6,600, or (D) during any calendar year after the calendar year 1967 and prior to the calendar year 1972 such year exceed $7,800, or (E) during any calendar year after the calendar year 1971 and prior to the calendar year 1973, the wages received by him during such year exceed $9,000, or (F) during any calendar year after the calendar year 1972 and prior to the calendar year 1974, the wages received by him during such year exceed $10,800, or (G) during any calendar year after the calendar year 1973 and prior to the calendar year 1975, the wages received by him during such year exceed [$12,000] *$12,600*, or (H) during any calendar year after 1974, the wages received by him during such year exceed the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year, the employee shall be entitled (subject to the provisions of section 31(b) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $4,200 of such wages received in such calendar year after 1954 and before 1959, or which exceeds the tax with respect to the first $4,800 of such wages received in such calendar year after 1958 and before 1966, or which exceeds the tax with respect to the first $6,600 of such wages received in such calendar year after 1965 and before 1968, or which exceeds the tax with respect to the first $7,800 of such wages received in such calendar year after 1967 and before 1972, or which exceeds the tax with respect to the first $9,000 of such wages received in such calendar year after 1971 and before 1973, or which exceeds the tax with respect to the first $10,800 of such wages received in such calendar year after 1972 and before 1974, or which exceeds the tax with respect to the first [$12,000] *$12,600* of such wages received in such calendar year after 1973 and before 1975, or which exceeds the tax with respect to an amount of such wages received in such calendar year after 1974 equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year.

(2) APPLICABILITY IN CASE OF FEDERAL AND STATE EMPLOYEES, EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS, AND GOVERNMENTAL EMPLOYEES IN GUAM, AMERICAN SAMOA, AND THE DISTRICT OF COLUMBIA.—

(A) FEDERAL EMPLOYEES.—In the case of remuneration received from the United States or a wholly-owned instrumentality thereof during any calendar year, each head of a Federal agency or instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall, for purposes of this subsection, be deemed a separate employer, and the term "wages" includes for purposes of this subsection the amount, not to exceed $3,600 for the calendar year 1951, 1952, 1953, or 1954, $4,200 for the calendar year 1955, 1956, 1957, or 1958, $4,800 for the calendar year 1959, 1960, 1961, 1962, 1963, 1964, or 1965, $6,600 for the calendar year 1966 or 1967, $7,800 for the calendar year 1968, 1969, 1970, or 1971, $9,000 for the calendar year 1972, $10,800 for the calendar year 1973 [$12,000] *$12,600* for the calendar year 1974, or an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year after 1974 with respect to which such contribution and benefit base is effective, determined by each such head or agent as constituting wages paid to an employee.

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CHAPTER 68—ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

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SEC. 6654. FAILURE BY INDIVIDUAL TO PAY ESTIMATED INCOME TAX.

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(d) EXCEPTION.—Notwithstanding the provisions of the preceding subsections, the addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the least—

* * * * * * *

(2) An amount equal to 80 percent (66⅔ percent in the case of individuals referred to in section 6073(b), relating to income from farming or fishing) of the tax for the taxable year computed by placing on an annualized basis the taxable income for the months in the taxable year ending before the month in which the installment is required to be paid and by taking into account the adjusted self-employment income (if the net earnings from self-employment (as defined in section 1402(a)) for the taxable year equal or exceed $400). For the purposes of this paragraph—

* * * * * * *

(B) The term "adjusted self-employment income" means—

(i) the net earnings from self-employment (as defined in section 1402(a)) for the months in the taxable year ending before the month in which the installment is required to be paid, but not more than

(ii) the excess of [$10,800] *$12,600* over the amount determined by placing the wages (within the meaning of section 1402(b)) for the months in the taxable year ending before the month in which the installment is required to be paid on an annualized basis in a manner consistent with clauses (i) and (ii) of subparagraph (A).

* * * * * * *

9003. CONDITION FOR ELIGIBILITY FOR PAYMENTS.

(a) IN GENERAL.—In order to be eligible to receive any payments under section 9006, the candidates of a political party in a presidential election shall, in writing—

(1) agree to obtain and furnish to the Comptroller General such evidence as he may request of the qualified campaign expenses with respect to which payment is sought,

(2) agree to keep and furnish to the Comptroller General such records, books, and other information as he may request,

(3) agree to an audit and examination by the Comptroller General under section 9007 and to pay any amounts required to be paid under such section, and

(4) agree to furnish statements of qualified campaign expenses and proposed qualified campaign expenses required under section 9008.

(b) MAJOR PARTIES.—In order to be eligible to receive any payments under section 9006, the candidates of a major party in a presidential election shall certify to the Comptroller General, under penalty of perjury, that—

(1) such candidates and their authorized committees will not incur qualified campaign expenses in excess of the aggregate payments to which they will be entitled under section 9004, and

(2) no contributions to defray qualified campaign expenses have been or will be accepted by such candidates or any of their authorized committees except to the extent necessary to make up any deficiency in payments received out of the fund on account of the application of section [9006(c)] *9006(d)*, and no contributions to defray expenses which would be qualified campaign expenses but for subparagraph (C) of section 9002(11) have been or will be accepted by such candidates or any of their authorized committees.

Such certification shall be made within such time prior to the day of the presidential election as the Comptroller General shall prescribe by rules or regulations.

(c) MINOR AND NEW PARTIES.—In order to be eligible to receive any payments under section 9006, the candidates of a minor or new party in a presidential election shall certify to the Comptroller General, under penalty of perjury, that—

(1) such candidates and their authorized committees will not incur qualified campaign expenses in excess of the aggregate payments to which the eligible candidates of a major party are entitled under section 9004, and

(2) such candidates and their authorized committees will accept and expend or retain contributions to defray qualified campaign expenses only to the extent that the qualified campaign expenses incurred by such candidates and their authorized committees

certified to under paragraph (1) exceed the aggregate payments received by such candidates out of the fund pursuant to section 9006.

* * * * * * *

[SEC. 9006. PAYMENTS TO ELIGIBLE CANDIDATES.

[(a) ESTABLISHMENT OF CAMPAIGN FUND.—There is hereby established on the books of the Treasury of the United States a special fund to be known as the "Presidential Election Campaign Fund". The Secretary shall maintain in the fund (1) a separate account for the candidates of each major party, each minor party, and each new party for which a specific designation is made under section 6096 for payment into an account in the fund and (2) a general account for which no specific designation is made. The Secretary shall, as provided by appropriation Acts, transfer to each account in the fund an amount not in excess of the sum of the amounts designated (subsequent to the previous presidential election) to such account by individuals under section 6096 for payment into such account of the fund.

[(b) TRANSFER TO THE GENERAL FUND.—If, after a presidential election and after all eligible candidates have been paid the amount which they are entitled to receive under this chapter, there are moneys remaining in any account in the fund, the Secretary shall transfer the moneys so remaining to the general fund of the Treasury.

[(c) PAYMENTS FROM THE FUND.—Upon receipt of a certification from the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary shall pay to such candidates out of the specific account in the fund for such candidates the amount certified by the Comptroller General. Payments to eligible candidates from the account designated for them shall be limited to the amounts in such account at the time of payment. Amounts paid to any such candidates shall be under the control of such candidates.

[(d) TRANSFERS FROM GENERAL ACCOUNT TO SEPARATE ACCOUNTS.—

[(1) If, on the 60th day prior to the presidential election, the moneys in any separate account in the fund are less than the aggregate entitlement under section 9004(a)(1) or (2) of the eligible candidates to which such account relates, 80 percent of the amount in the general account shall be transferred to the separate accounts (whether or not all the candidates to which such separate accounts relate are eligible candidates) in the ratio of the entitlement under section 9004(a)(1) or (2) of the candidates to which such accounts relate. No amount shall be transferred to any separate account under the preceding sentence which, when added to the moneys in that separate account prior to any payment out of that account during the calendar year, would be in excess of the aggregate entitlement under section 9004(a)(1) or (2) of the candidates to whom such account relates.

[(2) If, at the close of the expenditure report period, the moneys in any separate account in the fund are not sufficient to satisfy any unpaid entitlement of the eligible candidates to which such account relates, the balance in the general account shall be transferred to the separate accounts in the following manner:

[(A) For the separate account of the candidates of a major party, compute the percentage which the average number of popular votes received by the candidates for President of the major parties is of the total number of popular votes cast for the office of President in the election.

[(B) For the separate account of the candidates of a minor or new party, compute the percentage which the popular votes received for President by the candidate to which such account relates is of the total number of popular votes cast for the office of President in the election.

[(C) In the case of each separate account, multiply the applicable percentage obtained under subparagraph (A) or (B) for such account by the amount of the money in the general account prior to any distribution made under paragraph (1), and transfer to such separate account an amount equal to the excess of the product of such multiplication over the amount of any distribution made under such paragraph to such account.]

SEC. 9006. PAYMENTS TO ELIGIBLE CANDIDATES.

(a) ESTABLISHMENT OF CAMPAIGN FUND.—There is hereby established on the books of the Treasury of the United States a special fund to be known as the "Presidential Election Campaign Fund". The Secretary shall, as provided by appropriation Acts, transfer to the fund an amount not in excess of the sum of the amounts designated (subsequent to the previous Presidential election) to the fund by individuals under section 6096.

(b) TRANSFER TO THE GENERAL FUND.—If, after a Presidential election and after all eligible candidates have been paid the amount which they are entitled to receive under this chapter, there are moneys remaining in the fund, the Secretary shall transfer the moneys so remaining to the general fund of the Treasury.

(c) PAYMENTS FROM THE FUND.—Upon receipt of a certification from the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary shall pay to such candidates out of the fund the amount certified by the Comptroller General. Amounts paid to any such candidates shall be under the control of such candidates.

(d) INSUFFICIENT AMOUNTS IN FUND.—If at the time of a certification by the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary or his delegate determines that the moneys in the fund are not, or may not be, sufficient to satisfy the full entitlements of the eligible candidates of all political parties, he shall withhold from such payment such amount as he determines to be necessary to assure that the eligible candidates of each political party will receive their pro rata share of their full entitlement. Amounts withheld by reason of the preceding sentence shall be paid when the Secretary or his delegate determines that there are sufficient moneys in the fund to pay such amounts, or portions thereof, to all eligible candidates from whom amounts have been withheld, but, if there are not sufficient moneys in the fund to satisfy the full entitlement of the eligible candidates of all political parties, the amounts so withheld shall be paid in such manner that the eligible candidates of each political party receive their pro rata share of their full entitlement.

* * * * * * *

SEC. 9007. EXAMINATIONS AND AUDITS; REPAYMENTS.

(a) EXAMINATIONS AND AUDITS.—After each presidential election the Comptroller General shall conduct a thorough examination and audit of the qualified campaign expenses of the candidates of each political party for President and Vice President.

(b) REPAYMENTS.—

(1) If the Comptroller General determines that any portion of the payments made to the eligible candidates of a political party under section 9006 was in excess of the aggregate payments to which candidates were entitled under section 9004, he shall so notify such candidates, and such candidates shall pay to the Secretary an amount equal to such portion.

(2) If the Comptroller General determines that the eligible candidates of a political party and their authorized committees incurred qualified campaign expenses in excess of the aggregate payments to which the eligible candidates of a major party were entitled under section 9004, he shall notify such candidates of the amount of such excess and such candidates shall pay to the Secretary an amount equal to such amount.

(3) If the Comptroller General determines that the eligible candidates of a major party or any authorized committee of such candidates accepted contributions (other than contributions to make up deficiences in payments out of the fund on account of the application of section [9006(c)] *9006(d)*) to defray qualified campaign expenses (other than qualified campaign expenses with respect to which payment is required under paragraph (2)), he shall notify such candidates of the amount of the contributions so accepted, and such candidates shall pay to the Secretary an amount equal to such amount.

(4) If the Comptroller General determines that any amount of any payment made to the eligible candidates of a political party under section 9006 was used for any purpose other than—

(A) to defray the qualified campaign expenses with respect to which such payment was made, or

(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray qualified campaign expenses which were received and expended) which were used, to defray such qualified campaign expenses.

he shall notify such candidates of the amount so used, and such candidates shall pay to the Secretary an amount equal to such amount.

(5) No payment shall be required from the eligible candidates of a political party under this subsection to the extent that such payment, when added to other payments required from such candidates under this subsection, exceeds the amount of payments received by such candidates under section 9006.

(c) NOTIFICATION.—No notification shall be made by the Comptroller General under subsection (b) with respect to a presidential election more than 3 years after the day of such election.

(d) DEPOSIT OR REPAYMENTS.—All payments received by the Secretary under subsection (b) shall be deposited by him in the general fund of the Treasury.

SEC. 9012. CRIMINAL PENALTIES.

(a) EXCESS CAMPAIGN EXPENSES.—

(1) It shall be unlawful for an eligible candidate of a political party for President and Vice President in a presidential election or any of his authorized committees knowingly and willfully to incur qualified campaign expenses in excess of the aggregate payments to which the eligible candidates of a major party are entitled under section 9004 with respect to such election.

(2) Any person who violates paragraph (1) shall be fined not more than $5,000, or imprisoned not more than one year or both. In the case of a violation by an authorized committee, any officer or member of such committee who knowingly and willfully consents to such violation shall be fined not more than $5,000, or imprisoned not more than one year, or both.

(b) CONTRIBUTIONS.—

(1) It shall be unlawful for an eligible candidate of a major party in a presidential election or any of his authorized committees knowingly and willfully to accept any contribution to defray qualified campaign expenses, except to the extent necessary to make up any deficiency in payments received out of the fund on account of the application of section [9006(c)] *9006(d)*. or to defray expenses which would be qualified campaign expenses but for subparagraph (C) of section 9002(11).

(2) It shall be unlawful for an eligible candidate of a political party (other than a major party) in a presidential election or any of his authorized committees knowingly and willfully to accept and expend or retain contributions to defray qualified campaign expenses in an amount which exceeds the qualified campaign expenses incurred with respect to such election by such eligible candidate and his authorized committees.

(3) Any person who violates paragraph (1) or (2) shall be fined not more than $5,000, or imprisoned not more than one year, or both. In the case of a violation by an authorized committee, any officer or member of such committee who knowingly and willfully consents to such violation shall be fined not more than $5,000, or imprisoned not more than one year, or both.

* * * * * * *

(c) UNLAWFUL USE OF PAYMENTS.—

(1) It shall be unlawful for any person who receives any payment under section 9006, or to whom any portion of any payment received under such section is transferred, knowingly and willfully to use, or authorize the use of, such payment or such portion for any purpose other than—

(A) to defray the qualified campaign expenses with respect to which such payment was made, or

(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray qualified campaign expenses which were received and expended) which were used, to defray such qualified campaign expenses.

(2) Any person who violates paragraph (1) shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(d) FALSE STATEMENTS, ETC.—

(1) It shall be unlawful for any person knowingly and willfully—

(A) to furnish any false, fictitious, or fraudulent evidence, books, or information to the Comptroller General under this subtitle, or to include in any evidence, books, or information so furnished any misrepresentation of a material fact, or to falsify or conceal any evidence, books, or information relevant to a certification by the Comptroller General or an examination and audit by the Comptroller General under this chapter; or

(B) to fail to furnish to the Comptroller General any records, books, or information requested by him for purposes of this chapter.

(2) Any person who violates paragraph (1) shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(e) KICKBACKS AND ILLEGAL PAYMENTS.—

(1) It shall be unlawful for any person knowingly and willfully to give or accept any kickback or any illegal payment in connection with any qualified campaign expense of eligible candidates or their authorized committees.

(2) Any person who violates paragraph (1) shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(3) In addition to the penalty provided by paragraph (2), any person who accepts any kickback or illegal payment in connection with any qualified campaign expense of eligible candidates or their authorized committees shall pay to the Secretary, for deposit in the general fund of the Treasury, an amount equal to 125 percent of the kickback or payment received.

(f) UNAUTHORIZED EXPENDITURES AND CONTRIBUTIONS.—

(1) Except as provided in paragraph (2), it shall be unlawful for any political committeewhich is not an authorized committee with respect to the eligible candidates of a political party for President and Vice President in a presidential election knowingly and willfully to incur expenditures to further the election of such candidates, which would constitute qualified campaign expenses if incurred by an authorized committee of such candidates, in an aggregate amount exceeding $1,000.

(2) This subsection shall not apply to (A) expenditures by a broadcaster regulated by the Federal Communications Commission, or by a periodical publication, in reporting the news or in taking editorial positions, or (B) expenditures by any organization described in section 501(c) which is exempt from tax under section 501(a) in communicating to its members the views of that organization.

(3) Any political committee which violates paragraph (1) shall be fined not more than $5,000, and any officer or member of such committee who knowingly and willfully consents to such violation and any other individual who knowingly and willfully violates paragraph (1) shall be fined not more than $5,000, or imprisoned not more than one year, or both.

(g) UNAUTHORIZED DISCLOSURE OF INFORMATION.—

(1) It shall be unlawful for any individual to disclose any information obtained under the provisions of this chapter except as may be required by law.

(2) Any person who violates paragraph (1) shall be fined not more than $5,000, or imprisoned not more than one year, or both.

EXCERPTS FROM SOCIAL SERVICES REGULATIONS—SECTIONS NOT AFFECTED BY 4-MONTH DELAY PROVISION IN SECTION 220 OF P.L. 93-66

(TITLE 45, CODE OF FEDERAL REGULATIONS)

Part 221—Service Programs for Families and Children and for Aged, Blind, or Disabled Individuals: Titles I, IV (Parts A and B), X, XIV, and XVI of the Social Security Act.

* * * * * * *

SEC. 221.0 SCOPE OF PROGRAMS.

(a) Federal financial participation is available for expenditures under the State plan approved under titles I, IV–A, IV–B, X, XIV, or XVI of the Act with respect to the administration of service programs under the State plan. The service programs under these titles are hereinafter referred to as: Family Services (title IV–A), WIN Support Services (title IV–A), Child Welfare Services (title IV–B), and Adult Services (titles I, X, XIV, and XVI). Expenditures subject to Federal financial participation are those made for services provided to families, children, and individuals who have been determined to be eligible, and for related expenditures, which are found by the Secretary to be necessary for the proper and efficient administration of the State plan.

(b) The basic rate of Federal financial participation for Family Services and Adult Services under this part is 75 percent provided that the State plan [meets all the applicable requirements of this plan and][1] is approved by the Social and Rehabilitation Service. Under title IV–A, effective July 1, 1972, the rates are 50 percent for emergency assistance in the form of services, and 90 percent for WIN Support Services, and effective January 1, 1973, the rate is 90 percent for the offering, arranging, and furnishing, directly or on a contract basis, of family planning services and supplies.

(c) Total Federal financial participation for Family Services and Adult Services provided by the 50 States and the District of Columbia may not exceed $2,500 million for any fiscal year, allotted to the States on the basis of their population. No more than 10 percent of the Federal funds payable to a State under its allotment may be paid with respect to its service expenditures for individuals who are not current applicants for or recipients of financial assistance under the State's approved plans, except for services in certain exempt classifications.

(d) Rates and amounts of Federal financial participation for Puerto Rico, Guam, and the Virgin Islands are subject to different rules.

* * * * * * *

[1] Matter enclosed in black brackets is subject to the 4-month delay imposed by the public Law.

SEC. 221.55 LIMITATIONS ON TOTAL AMOUNT OF FEDERAL FUNDS PAYABLE TO STATES FOR SERVICES.

(a) The amount of Federal funds payable to the 50 States and the District of Columbia under titles I, IV–A, X, XIV, and XVI for any fiscal year (commencing with the fiscal year beginning July 1, 1972) with respect to expenditures made after June 30, 1972 (see paragraph (b) of this section), for services (other than WIN Support Services, and emergency assistance in the form of services, under title IV–A) is subject to the following limitations:

(1) The total amount of Federal funds paid to the State under all of the titles for any fiscal year with respect to expenditures made for such services shall not exceed the State's allotment, as determined under paragraph (c) of this section; and

(2) The amounts of Federal funds paid to the State under all of the titles for any fiscal year with respect to expenditures made for such services shall not exceed the limits pertaining to the types of individuals served, as specified under paragraph (d) of this section.

Notwithstanding the provisions of paragraphs (c)(1) and (d) of this section, a State's allotment for the fiscal year commencing July 1, 1972, shall consist of the sum of:

(i) An amount not to exceed $50 million payable to the State with respect to the total expenditures incurred, for the calendar quarter beginning July 1, 1972, for matchable costs of services of the type to which the allotment provisions apply, and

(ii) An amount equal to three-fourths of the State's allotment as determined in accordance with paragraphs (c)(1) and (d) of this section.

However, no State's allotment for such fiscal year shall be less than it would otherwise be under the provisions of paragraphs (c)(1) and (d) of this section.

(b) For purposes of this section, expenditures for services are ordinarily considered to be incurred on the date on which the cash transactions occur or the date to which allocated in accordance with OMB Circular A–87 and cost allocation procedures prescribed by SRS. In the case of local administration, the date of expenditure by the local agency governs. In the case of purchase of services from another public agency, the date of expenditure by such other public agency governs. Different rules may be applied with respect to a State, either generally or for particular classes of expenditures, only upon justification by the State to the Administrator and approval by him. In reviewing State requests for approval, the Administrator will consider generally applicable State law, consistency of State practice, particularly in relation to periods prior to July 1, 1972, and other factors relevant to the purposes of this section.

(c)(1) For each fiscal year (commencing with the fiscal year beginning on July 1, 1972) each State shall be allotted an amount which bears the same ratio to $2,500 million as the population of such State bears to the population of all the States.

(2) The allotment for each State will be promulgated for each fiscal year by the Secretary between July 1 and August 31 of the calendar year immediately preceding such fiscal year on the basis of the popula-

tion of each State and of all of the States as determined from the most recent satisfactory data available from the Department of Commerce at such time.

(d) Not more than 10 percent of the Federal funds shall be paid with respect to expenditures in providing services to individuals (eligible for services) who are not recipients of aid or assistance under State plans approved under such titles, or applicants for such aid or assistance, except that this limitation does not apply to the following services provided to eligible persons:

(1) Services provided to meet the needs of a child for personal care, protection, and supervision [(as defined under day care services for children)] but only in the case of a child where the provision of such services is necessary in order to enable a member of such child's family to accept or continue in employment or to participate in training to prepare such member for employment, or because of the death, continued absence from the home, or incapacity of the child's mother and the inability of any member of such child's family to provide adequate and necessary care and supervision for such child;

(2) Family planning services;

(3) Any services included in the approved State plan that are provided to an individual diagnosed as mentally retarded by a State mental retardation clinic or other agency or organization recognized by the State agency as competent to make such diagnoses, or by a licensed physician, but only if such services are needed for such individual by reason of his condition of being mentally retarded;

(4) Any services included in the approved State plan provided to an individual who has been certified as a drug addict by the director of a drug abuse treatment program licensed by the State, or to an individual who has been diagnosed by a licensed physician as an alcoholic or drug addict, but only if such services are needed by such individual as part of a program of active treatment of his condition as a drug addict or an alcoholic; and

[(5) Foster care services for children when needed by a child because he is placed in foster care, or awaiting placement.]

(5) Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) or in a child-care institution (as defined in such section), or while awaiting placement in such a home or institution, but only if such services are needed by such child because he is under foster care.[1]

SEC. 221.56 RATES AND AMOUNTS OF FEDERAL FINANCIAL PARTICIPATION FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

(a) For Puerto Rico, the Virgin Islands, and Guam, the basic rate for Federal financial participation for Family Services and WIN Support Services under title IV–A is 60 percent. However, effective July 1, 1972, the rate is 50 percent for emergency assistance in the form of services.

[1] Paragraph (5) is exempted from the 4-month delay provision of the Public Law only if the matter enclosed in black brackets is replaced by the matter in italics.

(b) For family planning services and for WIN Support Services, the total amount of Federal funds that may be paid for any fiscal year shall not exceed $2 million for Puerto Rico, $65,000 for the Virgin Islands, and $90,000 for Guam. Other services are subject to the overall payment limitations for financial assistance and services under titles I, IV–A, X, XIV, and XVI, as specified in section 1108(a) of the Social Security Act.

(c) The rates and amounts of Federal financial participation set forth in § 221.54 (a) and (b) apply to Puerto Rico, the Virgin Islands, and Guam, except that the 60 percent rate of Federal financial participation is substituted as may be appropriate. The limitation in Federal payments in § 221.55 does not apply.

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THE EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON U.S. TRADE AND TARIFF CONCESSIONS

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*

STUDY PREPARED BY THE EXECUTIVE BRANCH
AT THE REQUEST OF
ABRAHAM RIBICOFF, *Chairman,*
SUBCOMMITTEE ON INTERNATIONAL TRADE

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The Effect of Foreign Exchange Rate Changes on U.S. Trade and Tariff Concessions

Exchange rate changes and tariff reductions are related in that both affect the prices of internationally traded goods. An exchange rate change affects the entire range of a country's commercial and financial relationship with the rest of the world by altering the relationship between its currency and foreign currencies. In the case of a country's merchandise trade, exchange rate adjustment usually implies an across-the-board price effect on all traded goods. In contrast to exchange rate changes, tariff reductions, whether undertaken unilaterally or granted in trade negotiations, apply to imported goods to varying degrees since the level of the original tariff and the depth of the tariff reduction is not uniform for all products.

The effect of exchange rate changes on U.S. trade and tariff concessions is difficult to measure. The effect depends on the magnitude of the change, on the extent to which the change is reflected in the selling price of the traded item, and on the responsiveness of the traded items to price changes. These factors can be expected to vary for every country and every product, and also for every exchange rate adjustment. Moreover, in periods of rapid change in the internal economy, changes in consumer demand and in domestic price levels may be so pronounced as to obscure the effects of the exchange rate factor.

It is apparent that the exchange rate changes made by our foreign trading partners have had mixed effects on U.S. exports. U.S. exports were made more expensive relative to British goods by the United Kingdom's devaluation of November 1967 and relative to French goods by the French devaluation of August 1969. On the other hand, the German revaluation of October 1969 tended to make U.S. exports less expensive relative to German goods. Of even more importance, of course, the general exchange rate realignments agreed to on December 18, 1971 and February 13, 1973 should have a positive effect on U.S. exports, as well as on the trade and overall payments balance. The new exchange rate structure will make U.S. exports cheaper to foreign buyers in many countries and make imports into the United States more expensive compared to domestic production for products of countries whose currencies became more expensive in relation to the dollar.

While exchange rate changes and/or appropriate domestic policies have generally been the methods used in the past to correct payments disequilibria, tariff and other trade measures have on occasion been used to aid in restoring external equilibrium. Examples include Germany's unilateral tariff reductions in 1955 and 1956, as well as the temporary import surcharges employed by the U.K., U.S., and Denmark (among others). The schedule for staged implementation of Kennedy Round tariff reductions was accelerated by Canada and Switzerland for similar reasons. Recent policy statements by U.S. officials, and certain provisions of the Administration's proposed

Trade Bill, indicate the need for a closer linkage between trade and monetary policies, given the present structure of the world's monetary and trading system. For example, in exceptional circumstances and for limited periods of time, deficit countries may need to have recourse to commercial policy measures to protect their overall external position. One use of such measures would be to enable a country to get through a period during which more fundamental corrective measures would take effect.

Depending on how exchange rate changes and tariff reductions are used as policy measures, they can either complement or offset each other in their effect on the trade account. For example, a currency devaluation by a trading partner of the United States will tend to discourage U.S. exports to and promote U.S. imports from that country. A similar bilateral effect could be accomplished by a decrease in U.S. tariff rates and an increase in the other country's tariff rates. Unlike an exchange rate change, of course, an adjustment in tariff rates would directly affect only the trade account in commodities whose duties are changed, not duty free trade, or other aspects of the country's payments accounts such as its international investment flow and tourist expenditures.

The attached chronological listing of GATT tariff negotiations and exchange rate changes by the major trading countries does not suggest any direct relationship between exchange rate changes and tariff negotiations.

In particular, it will be observed that while various rounds of tariff negotiations were reducing tariffs multilaterally, there is no clear indication to suggest that exchange rate changes were used by particular countries to systematically offset tariff concessions. In fact, the number of devaluations equals the number of revaluations. Thus while in some instances particular countries' tariff concessions may have been offset to a degree by exchange rate devaluation, in an equal number of cases they were enhanced by exchange rate revaluation.

Chronological listing of trade negotiations and exchange rate changes, 1947–70

	GATT tariff negotiations	Major exchange rate changes
1947	Geneva, 1947	
1948		French devaluation.
1949	Annecy, 1949	United Kingdom devaluation.
1950	Torquay, 1950	Canadian float (revaluation).
1951		
1952		
1953		German revaluation.
1954		
1955	Geneva, 1955 (Japan)	
1956	Geneva, 1956	
1957		
1958		French devaluation.
1959		
1960	Geneva, 1960–61 (Dillon round).	
1961		German revaluation.
1962		Canadian peg (devaluation).
1963		
1964	Geneva, 1964–67 (Kennedy round).	
1965		
1966		
1967		United Kingdom devaluation.
1968		
1969		German revaluation; French devaluation.
1970		Canadian float (revaluation).
1971		U.S. devaluation; German revaluation; Japanese revaluation.
1973		General realignment (U.S. devaluation); (German revaluation); (Japanese float); (float by major European countries).

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